Incorporating *International Commerce*

JULY 12, 1971

A UNITED STATES
DEPARTMENT OF
COMMERCE
PUBLICATION

Commerce Today

Coming Developments in Business and Technology

World Trade Outlook

FROM THE SECRETARY

Competing In Today's World Markets

The equations of international economics are changing rapidly—and are seriously affecting the United States and its future in foreign trade and investment.

Competitiveness

First, the United States is losing its competitiveness in world markets.

- In manufactured goods we have slipped from 25 percent of the world market in 1960 to 21 percent in 1970.
- In 1970 the United States lost to Germany its position as the world's largest exporter of manufactured goods.

Basically the loss of our competitiveness stems from two factors of growing importance over the past decade: (1) we have been losing our advantages in price, productivity, and technology; and (2) our competitors have put much more emphasis on export sales, incorporating programs of national support in credit, taxes, and government promotion.

Foreign companies are responding to government incentives—in research and development and in the creation of modern and efficient productive facilities. U.S. companies do not have comparable incentives.

Exports

Tomorrow's productivity and competitiveness are functions of today's investments. We must explore ways, as our foreign competitors have done, to encourage the investments needed for future competitiveness.

We should also weigh the effectiveness of appropriate investment credit, accelerated depreciation allowances, and research and development incentives—especially if they are concentrated in industries which will provide the bulk of tomorrow's exports.

In the meantime, utilizing our present competitive abilities, the best near-term actions we can take are those which will induce American companies to allocate resources to export marketing.

To help put American businessmen on a more equal footing with world competitors, the United States should seriously review financial, fiscal, tax, labor, transportation, anti-trust and other policies as to their impact on exporting.

They may no longer be appropriate for industries competing against foreign producers free of such restraints.

Investment

Finally, we should recognize that the multinational corporation is a bold, imaginative —and necessary—response of U.S. business to the inexorable pressures of international commerce.

While the growth of multinational investment should not be viewed uncritically, the effort it represents to maintain our position in the international commercial community should not be subjected to criticism that fails to take account of the realities.

- It is a means to preserve, protect or develop foreign markets for U.S. products.
- Many countries require local investment by foreign firms as a condition for access to their markets or resources.
- Technology transfers associated with multinational investment cannot be contained by political boundaries.

Rather than erect barriers that can ultimately force U.S. multinational corporations to become multinational corporate emigrants, we should try to ensure that their activities are supportive of broader national and international objectives.

They hold the key to unlock development in the low income countries and to permit the U.S. to strengthen its economic ties with those nations.

Maurice H. Stans

Commerce Today

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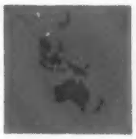

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COVER: *Commerce Today is indebted to the International Club of Washington for this reproduction of the sculptured globe that hangs in the club lobby. It is the design of Paul Takacs, a Hungarian artist presently working in Silver Spring, Md. The artist calls it "an open world"—particularly appropriate to this special World Trade Outlook.*

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Published biweekly by the U.S. Department of Commerce, Washington, D.C.

Annual subscription rate $20 ($5 additional for foreign mailing, $14.30 additional for domestic air mailing). Single copy 75 cents. Make checks or money orders payable to Superintendent of Documents and mail to Superintendent, U.S. Government Printing Office, Washington, D.C. 20402, or to any U.S. Department of Commerce Field Office.

All subscription inquiries and address changes should be sent to the Superintendent of Documents, at the above address. This is the central distribution agency for U.S. Government publications.
Microfiche copy available at 95¢ per issue from National Technical Information Service, Springfield, Virginia, 22151.

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Slowing Of Consumer Prices So Far This Year Reflects Progress In Fight Against Inflation

Economic Highlights is prepared by Dr. Harold C. Passer, Assistant Secretary for Economic Affairs, and is based on the latest economic indicators (see charts on adjoining page).

Despite a large rise in May, the Consumer Price Index has increased at a significantly lower rate so far in 1971. This improved performance provides important evidence of progress in the battle against inflation.

The CPI began to improve in the last half of 1970, and a more pronounced slowing emerged in the first five months of this year. This deceleration over the past 12 months is readily apparent from the chart on the opposite page, which shows a moving average that eliminates erratic month-to-month movements. The rate of increase in recent months is much lower than in 1969 and early 1970.

The index of sensitive industrial materials prices has been on a clear downtrend since early 1970. Changes in wholesale prices of industrial commodities, however, do not show a decisive trend although their rate of increase has remained below the peak of late 1969.

Thus, the trend of constantly accelerating prices in the mid and late 1960s—fueled by overly stimulative Government policies—has been reversed. The battle against inflationary pressures has been long and difficult and is by no means ended, but continued progress is likely because of underlying forces in the economy.

Currently, both fiscal and monetary policies are designed to promote the Nation's economic recovery from the slowdown of 1970, and there is little doubt that a healthy expansion is underway. There is still a considerable amount of underutilized resources of men and facilities, however, and this underutilization will continue to restrain upward price pressures even while the economy is expanding.

Another factor operating to reduce inflationary pressures is the acceleration in productivity. Although wage increases have not subsided, the faster rate of productivity advance since early 1970 has resulted in a slower increase in unit labor costs. In the months ahead, rising output will continue to support a strong growth in productivity and hold down the rise in unit costs.

A new Government program has improved prospects for bringing inflation under control in construction. First-year wage increases in newly negotiated contracts averaged 18.5 percent last year. This year, the wage stabilization system will hold wage increases well below that figure, and further progress toward wage-price stability in construction can be expected over the next several years.

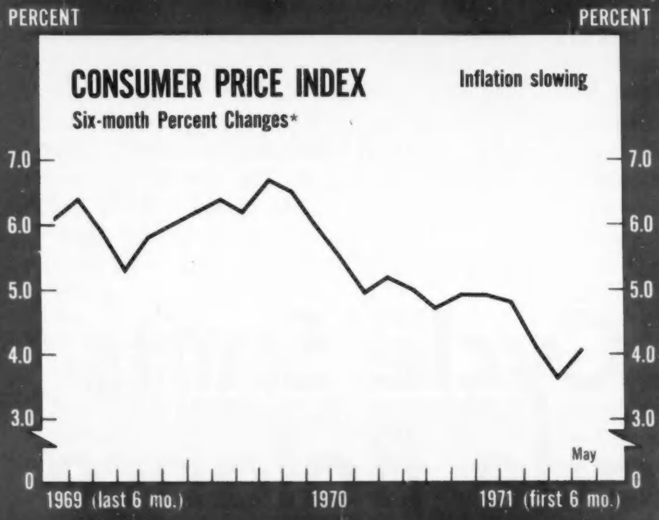
Thus, a number of basic factors are restraining inflationary pressures: the availability of unused resources, the rising productivity that accompanies a business recovery, and a special program in construction.

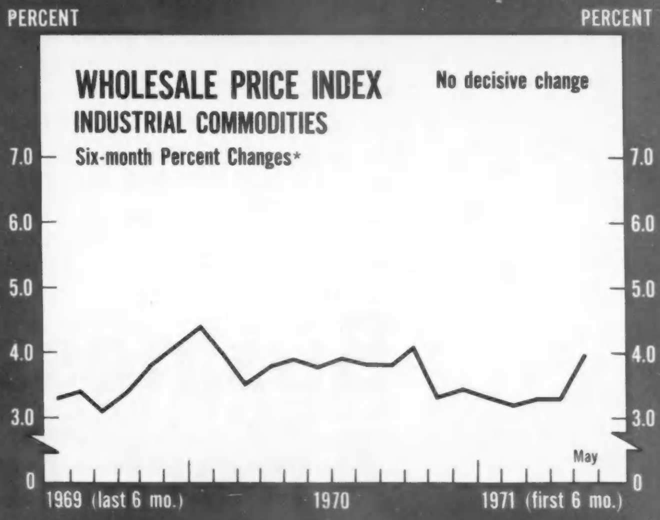
Other economic developments

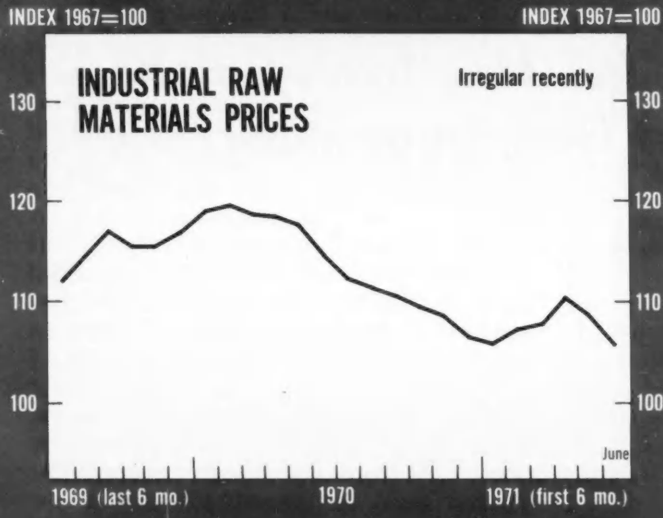
The composite index of leading business indicators has now risen 10 percent in seven consecutive monthly increases. This performance is virtually the same as the average recovery path of the index following economic slowdowns and contractions since World War II.

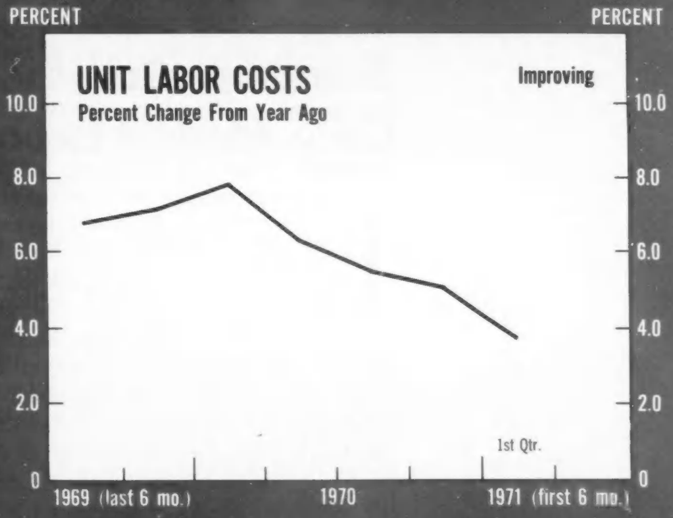
Recent increases in the industrial production index show the pattern of recovery in a major sector of the economy.

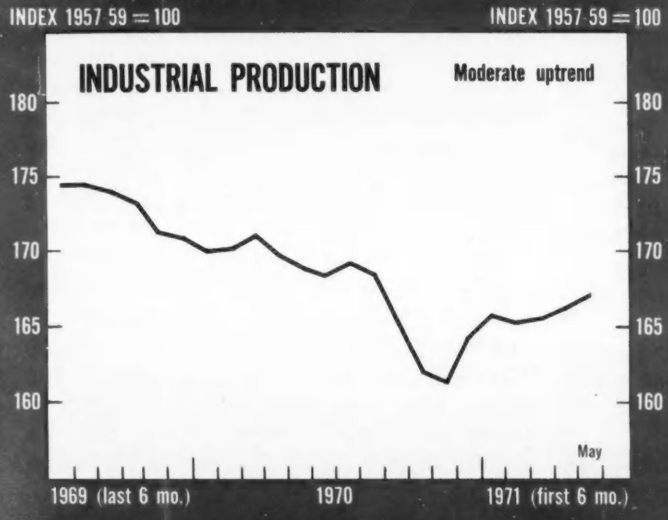
Latest Indicators

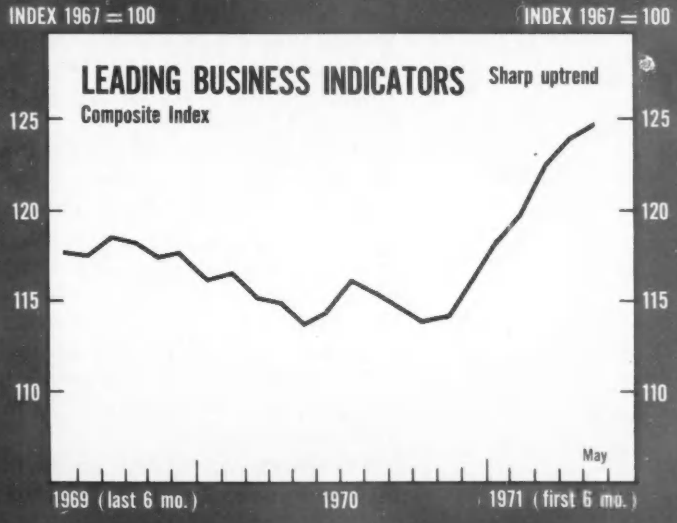












*Annual rate

All monthly data seasonally adjusted except industrial raw materials prices

Commerce Today

July 12, 1971
Vol. 1, No. 20

Business Cycle Shifts Affect Trade Balance

Economic Activity, Jan.-May Totals Indicate Only Modest Export Gain, Large Import Rise

Latest developments indicate a sizable reduction in the U.S. export surplus in 1971 from the $2.7 billion total recorded last year. The basis for this evaluation is the reversal of cyclical patterns in economic activity here and abroad. Last year's industrial boom in some of the United States' largest export markets is being followed by more moderate gains in 1971, while the resumption of economic expansion is boosting import demand.

It appears that the decline in the trade balance will be even more substantial than that estimated in the beginning of the year, mainly because of a downward revision of the export projections.

Data for the first five months indicate that the slackening of economic growth abroad has already had a greater dampening effect on U.S. exports than expected. Although prospects are for some improvement in foreign business conditions in the second half, the rate of U.S. export growth this year will be substantially below the 14 percent gain recorded in 1970. It now seems likely that the increase in exports will be in only the 7 to 8 percent range.

The growth of imports, on the other hand, may be somewhat steeper than was forecast earlier. So far this year, the import trend has been stronger than would be indicated by the expansion of the economy. Continued penetration of the U.S. market by foreign suppliers and strike-related purchases of various commodities have contributed to the buoyancy in imports. Moreover, it is expected that business will pick up momentum later in the year. Given these prospects for demand here, the import advance is now estimated at 13 to 14 percent. In 1970, U.S. purchases of foreign products rose by 11 percent.

If these rates of growth materialize, the merchandise trade surplus will fall to around half a billion dollars. However, even this projected surplus could disappear—and the balance turn into a deficit—if imports increase more than expected and/or exports advance less rapidly.

The estimate of the trade surplus is subject to a significant degree of error because the balance expected for this year is very small relative to the total value of trade. With exports and imports at around $45-$46 billion each, one percentage point shift in the growth rate of either would have an impact on the balance of nearly half a billion dollars.

In the first five months of 1971, exports were running at an annual rate of $44,557 million, 6.7 percent above the level recorded in the same period a year ago. Imports rose to a yearly rate of $44,530 million, 13.7 percent higher than their January-May 1970 level. The merchandise trade surplus amounted to only $27 million at an annual rate. (Trade figures are as reported by the Census Bureau—that is, exports f.a.s. including Government-financed shipments, and imports f.o.b. foreign port.)

Foreign growth reduced

The less optimistic outlook for U.S. exports in 1971 is predicated on the anticipation of reduced economic growth in Western Europe and Japan. In addition, the acute demand pressures abroad which stimulated unusually strong increases in shipments of U.S. industrial supplies and machinery last year, will be absent. Deliveries to the European Economic Community (EEC) currently are expected to slacken substantially from the one-fifth gain recorded in 1970. The combined real gross national product of the six Community members is forecast to rise by 4½ percent this year, which would be the smallest increase since 1967. In general, the countries of this region are expected to follow mildly expansionary fiscal and monetary policies for the remainder of the year, but most of the economic advance will probably come from stepped-up consumer spending. Investment and industrial production, which exercise a more direct influence on the level of U.S. exports to the area, should expand at a more modest rate than last year.

U.S. sales to the United Kingdom are anticipated to climb further as capital spending and consumer demand increase and industrial production recovers.

Current economic conditions and the outlook for U.S. trade in the majority of countries with which U.S. firms do business are presented on pages 8-61. The 54 regional and country summaries, by specialists in the Office of International Commercial Relations of the Commerce Department's Bureau of International Commerce, are based on up-to-the-minute reports from U.S. Foreign Service Posts and other sources.

Data on U.S. trade with selected countries not detailed in separate articles are presented in a table on Page 62.

A slackening in the pace of economic activity in Japan should reduce our export growth to that country considerably below last year's unusual increase of one-third. The more subdued advance in 1971 will be evident primarily in shipments of industrial materials. A smaller rise is also projected in sales to Australia and New Zealand.

In contrast to the lower rates of growth forecast for exports to Western Europe and Japan, shipments to Canada, our largest trading partner, should increase substantially. Current economic policies are aimed at stimulating consumer spending and private investment and U.S. exports are likely to respond positively if these increases do in fact lead to substantial economic growth. So far this year, deliveries have been augmented by a recovery in automotive movements to U.S. subsidiaries in Canada.

U.S. exports to the developing countries are not expected to repeat the 15 percent rise recorded last year. Major factors in this less optimistic outlook include reduced buoyancy in their import demand and intensified export competition from suppliers in other industrialized countries where domestic market pressures have eased considerably. Nevertheless, continuing expenditures on development projects and favorable foreign exchange positions in a number of countries —resulting from a high level of exports to the industrial nations—should assure another gain in our shipments to the economically less-advanced areas. Shipments under AID and PL-480 programs also may increase.

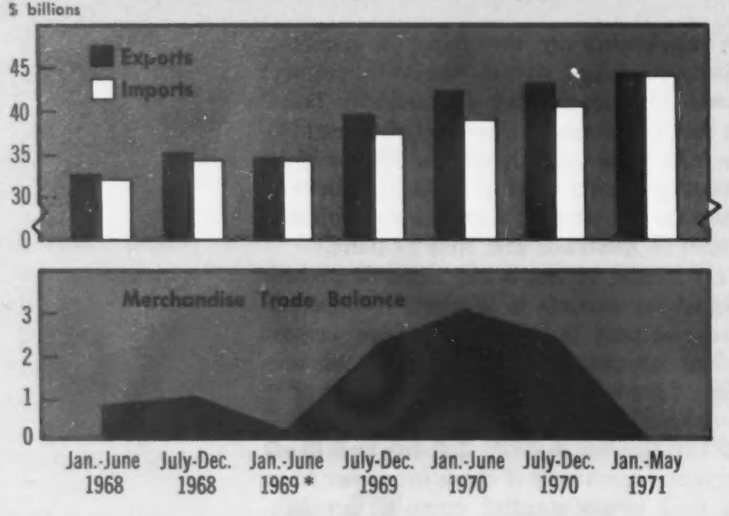
Another large rise is foreseen in exports to the U.S.S.R. and other East European countries. Favorable factors include increased interest in U.S. goods on the part of these nations and the liberalization of controls on commodities shipped to that region.

Although U.S. and foreign inflationary pressures are expected to diminish somewhat in 1971, price increases will add significantly to the value of exports and imports. The rise in prices should be less steep than last year, however. Foreign prices will probably climb faster than U.S. prices again this year, but the rates of increase should be closer than in 1970.

Strong import rise likely

The substantial import advances recorded in the first five months and the continued upswing in U.S. business activity projected for the remainder of 1971 imply that there

U.S. Trade Surplus Disappears



NOTE: Data are at seasonally adjusted annual rates
* Trade distorted by dockstrike

will be a large expansion in purchases of foreign products. Consumer demand will be a major factor in the growth of the economy and should provide a strong stimulus to imports of consumer goods. Demand for capital goods and industrial supplies should also intensify as the economy grows. The possibility of strikes in the metals industries has already stimulated imports of steel and copper for stock-building. The inflow of aluminum had also speeded up prior to the successful conclusion of labor negotiations at the end of May.

The revaluation and floating of several foreign currencies will probably add to the value of our imports, though the impact is likely to be small. Imports from countries with higher-valued currencies—Germany, Switzerland, the Netherlands, Belgium, and Austria—will amount to roughly $3 billion in the second half of 1971. Even if all purchases from the five countries cost 2 percent more as a result of currency changes, the rise in U.S. imports would at most be only $60 million. The price advantage that U.S. exporters would gain in overseas markets from these currency shifts is difficult to estimate but, given the intense competition among suppliers, the prospects are that little, if any, measurable benefits would accrue to our producers, at least in the short run.

U.S. foreign trade will also be affected in coming months by the expiration of labor contracts with East and Gulf Coast longshoremen's unions at the end of September. If a dockstrike appears imminent, a considerable speedup of both export and import shipments can be expected. However, this acceleration in trade movements should not affect the trade balance appreciably, since the impact on exports will be more or less offset by that on imports.

Nonfarm exports to slow

Nonagricultural products will contribute the major portion of the U.S. export expansion in 1971. It appears, however, that the rate of increase will be well below last year's 13 percent and that the advance will have a narrower commodity base. So far this year, exports of manufactured and other nonfarm products have been running 4 percent above the same 1970 period and 2 percent higher than in the second half of last year.

Greater shipments of transport equipment provided nearly the entire gain in the increase in U.S. nonagricultural exports in the first five months.

The vigorous expansion in automotive exports to Canada was largely a recovery from the 67-day GM strike which had shut down plants on both sides of the border in the fourth quarter. Continued, though probably smaller, advances are in prospect in the remainder of the year.

Sales of civilian aircraft rose sharply this year on the strength of jumbo jet deliveries to foreign airlines, mainly in Western Europe. Delivery schedules for the rest of the year indicate continued sales of these big planes with the result that 1971 aircraft exports will show a substantial increase.

In the last two years, machinery exports climbed rapidly under the stimulus of heavy investment programs and pressures on productive capacity for capital equipment in most of our major markets. In late 1970, however, shipments of machinery began to trend downward as foreign economic expansion tapered off and capital spending increased at a more moderate pace. In the first five months, machinery exports were actually running below July-December 1970 levels. Nevertheless, some pickup is indicated so that 1971 will show an advance but probably far less than the 15 percent gain in 1970.

With the easing of demand pressures abroad in the second half of 1970, exports of iron and steel-mill products began to decline and by January-May had fallen 46 percent below the level reached in the comparable period last year. Exports for 1971 as a whole will not only drop from the preceding 12 months but will be lower than in 1969.

After rising by 20 percent to $7.3 billion in 1970, agricultural exports are expected to increase further but the gain should be considerably less vigorous. In January-May, shipments were running at a $8.1 billion annual rate, a level that will not be maintained for the remainder of the year.

Short supplies of competing oilseeds and greater foreign demand accounted for the rise in soybean shipments in 1970 and early this year. For 1971, export volume should decline in the face of limited U.S. supplies but high prices will probably keep the export value at last year's record levels.

Cotton exports were particularly expansive in 1970. As last year's pattern of reduced competition and firmer prices continues, cotton shipments are expected to expand sharply in 1971. Tobacco sales should also be above 1970 levels.

Consumer goods lead imports

The expansion in U.S. imports in 1971 will again be led by consumer goods. These arrivals climbed sharply in January-May, exceeding the total in the comparable 1970 period by about one-fourth. Continued increases are anticipated as personal consumption expenditures climb further and foreign consumer goods expand their share of the U.S. market.

Receipts of automobiles and parts, from both U.S. subsidiaries in Canada and suppliers in Western Europe and Japan, contributed most to the strong rise in consumer goods imports so far this year. A sharp pickup in demand for American-type cars plus the recovery from the GM strike boosted arrivals from Canada. Given the prospect of a substantial sales gain for the year, imports of Canadian autos and parts should rise strongly in 1971.

Imports of foreign-type autos also expanded substantially in the first five months, paced by a rise in entries from Japan. Although the increase in imports of these autos is likely to moderate in coming months, a large advance in purchases seems assured.

Greater industrial buying

The inflow of industrial supplies will depend largely on the strength and speed of the U.S. economic recovery. Through May, these imports showed an 11 percent increase over the first five months of last year and were running 3 percent higher than in the second half. Since industrial production is expected to move up fairly strongly in the last half, imports of supplies and materials are likely to gain further momentum and for 1971 will probably show an increase larger than last year's 7 percent.

Arrivals of iron and steel-mill products were particularly expansive in January-May, climbing 20 percent over levels in the final six months. Much of this increase reflected heavy stockpiling by users anticipating the expiration of labor contracts in the steel industry on July 31. Although this strike-hedge buying has already peaked and imports are expected to ease, steel receipts will show a substantial gain for the year.

The inflow of crude petroleum and residual fuel oil showed only small increases in the first five months. Purchases of crude petroleum are expected to rise substantially in the remainder of the year, however, as a result of liberalized quota restrictions and an easing of tanker shortages. Residual fuel oil entries are likely to increase further.

Chemical imports have continued to expand strongly and will show a considerable advance for the full year. Arrivals of colors and dyes and organic intermediates are likely to show the largest increases.

More capital goods purchases

Prospects for capital goods imports in the remainder of 1971 depend on developments in business investment and the degree to which foreign suppliers further increase their penetration of the U.S. market. Current expectations of plant and equipment expenditures are for a small increase this year, with little or no gain in the manufacturing industries. Nevertheless, imports of capital goods are projected to rise again.

Purchases of foods and beverages registered a small rise in January-May from second half 1970 levels. These imports may climb in the coming months, but the increase for the year will be much less than the 18 percent jump recorded in 1970.

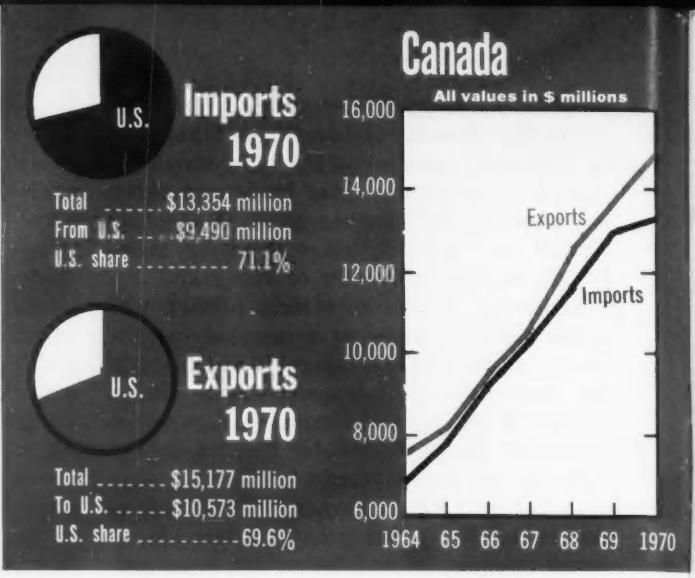
In contrast to last year when coffee purchases led the sharp expansion in food imports—entirely because of higher prices—little change is forecast in arrivals of this commodity in 1971. However, stock levels are relatively low and if importers decide to build up inventories in anticipation of a possible dockstrike, this outlook may be altered. Meat imports fell in the first five months but are expected to rise for the year.

—Bureau of International Commerce

Canada

Imports Of U.S. Goods Seen Increasing Later This Year After Slow Start

Canada's imports of U.S. goods in 1971 may reach 8 percent above the 1970 level of C$9.9 billion even though such trade barely advanced during the first five months of this year. The U.S. share of the market should also be slightly above the 71 percent gained during 1970. Prospects are good for new cars and appliances, construction materials, and machinery and equipment for utilities, oil and gas lines, mining and ore processing, reports David Fellman, of the Commerce Department's Canada Desk.



Fulfillment of trade expectations rests on the Government's expansionary fiscal and monetary policies taking hold to reduce unemployment—at 6.3 percent in May—and to increase consumer expenditures. While the purchasing power of consumers already has strengthened, the anticipated spring reduction in unemployment has failed to materialize, although total Canadian employment has risen. An impetus to economic recovery is the expected acceleration this year of residential construction, with a goal of 220,000 starts.

Canada's GNP advanced only 1.8 percent in the first quarter of 1971, mostly due to higher prices. At this rate the GNP for 1971 will be only C$87.9 billion, considerably short of the 9 percent increase predicted in January.

Comprehensive tax reform proposals were tabled by the Government in June. The key ingredients are a capital gains tax, shifting of the tax burden away from low-income groups, less favorable tax concessions for the mineral industry, and measures making it more attractive for Canadians to invest in Canadian-owned enterprises.

Business leaders confident

Despite concern over inflation and low profit margins, business leaders are confident that the economy will pick up later this year, accompanied by an upswing in employment. They envisage a 10 percent increase in capital expenditures to C$19.3 billion, the largest increase since 1966. Most companies have improved their liquidity and expect sales and profits to rise. Most plan to increase prices to offset expected advances in costs. Higher consumer costs also are indicated by upward trends in wholesale prices. This year's first quarter consumer price index advance of 1.5 percent is the second fastest first quarter advance since the late 1950's, giving rise in certain quarters to pressures for wage and price controls. However, the government presently does not intend to restore voluntary wage and price guidelines abandoned at the end of 1970.

Canada continues to build up a surplus on current trade and financial transactions with the world. International reserves rose by almost US$200 million in the first 5 months of 1971 to US$4,878.7 million, while the exchange rate of the Canadian dollar averaged 99.2 U.S. cents in the first four months of the year, compared with the fixed rate of 92.5 U.S. cents a year ago. Accordingly, the Finance Minister appealed to Canadians to restrict borrowings in foreign markets. A government study on foreign ownership, and new policy guidelines under which investments may be made in Canada by foreigners might be ready by autumn. The Finance Minister has assured there is no intention to halt the flow of investments into Canada.

CANADA'S CHIEF IMPORTS FROM U.S.: autos and parts, newsprint, wood pulp and lumber, crude petroleum and natural gas, iron ore, nonferrous metals, machinery. CANADA'S CHIEF EXPORTS TO U.S.: autos and parts, machinery, aircraft and parts, coal, fruits and vegetables, chemicals and plastic materials, metals and minerals.

Commercial policy activity

Canada will continue in 1971 to promote the granting of tariff preferences to developing countries; to push for another round of multilateral tariff negotiation; and to examine the implications to Canadian trade of Britain's possible entry into the Common Market, particularly regarding loss of preferential tariff treatment. The Government will also seek ways to help ailing textile and shoe industries to compete against imports.

Canada has embarked on a program of improving trade relations with the People's Republic of China and the USSR, including agreement to sell the USSR C$235 million worth of wheat and flour.

Trade With Latins Expands

U.S. Export Growth Seen Moderating, However, As Industrialization Pace Slackens

U.S. exports to Latin America are expected to increase about 5 percent in 1971, rising to a record $6.8 billion, as compared with a 17 percent increase and a $6.5 billion level in 1970, reports Vicky Eicher, of Commerce's American Republics Division. The slower 1971 growth rate projection reflects softening in the region's export earnings as the pace of local industrialization slackens and increasing competition for the Latin American market from other developed countries.

Andean Group. The trade outlook for the Andean Group countries is mixed. Sales to Colombia will continue to grow but at a slower rate since the rapid economic growth of the late 60s is beginning to slow down. U.S. exports to Peru and Ecuador are expected to increase. A slowdown in private investment, Chilean Government actions, and uncertain trade factors are expected to reduce Chile's ability to purchase U.S. exports. The United States, however, is still a major supplier to the Chilean market. Instability and the recent expropriation of two U.S. firms led to a 60 percent drop in U.S. exports to Bolivia during the first quarter of 1971.

Argentina. U.S. exports to Argentina are expected to drop almost 10 percent in 1971, primarily due to the effects of a large onetime purchase of U.S. aircraft in 1970. The Argentine Government is working to maximize domestically produced items in all new installations and additions to equipment stocks. However, since Argentine imports from the United States tend to be intermediate materials and capital goods which are not generally produced domestically, no significant reduction of U.S. exports in these categories is expected.

Brazil. Sizable domestic expansion plans, a strengthened balance of payments and the improved performance of the economy are the major factors expected to increase Brazilian imports in 1971. In addition, a number of measures designed to simplify import procedures have already been introduced and the Brazilian Government is seriously looking into further import liberalization.

Private long-term investment plans and the Government's 1970-73 development program augur well for potential U.S. suppliers. Good export opportunities exist in the planned expansion of the steel, chemical, transportation and electric power industries. Demand for imports should also be helped by the various loans granted by international financial institutions.

Central America. Even if a satisfactory solution to the current Central American Common Market (CACM) crisis is found before year end, 1971 regional economic activity and import demand will already have been adversely affected. Although Honduras unilaterally ended the free importation of other CACM members' goods, it did not abrogate any basic treaties. Honduras is still a member country and foresees an eventual return to internal CACM free trade. In the short term, however, serious production and marketing problems have emerged in the CACM. Imports of capital goods and raw materials from non-CACM countries are likely to drop but there could also be an increase in importation of finished goods previously supplied by CACM firms. On the whole, total 1971 CACM imports and those from the United States are not likely to exceed the respective 1970 levels.

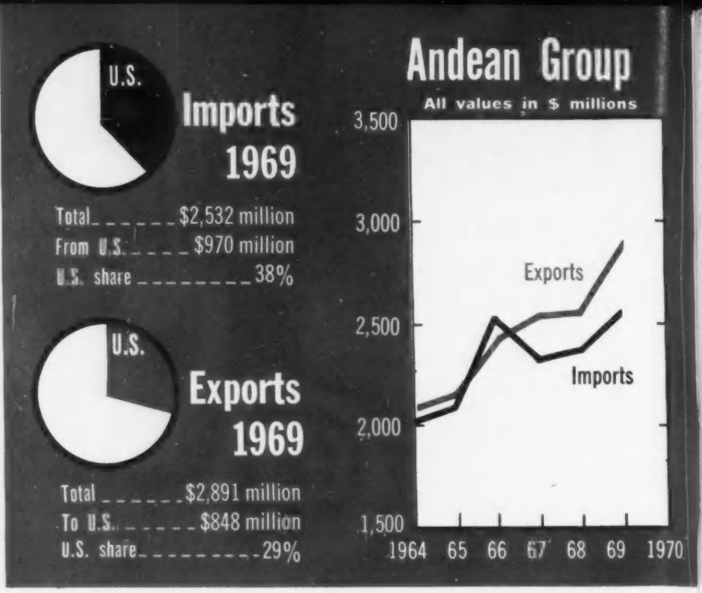
Caribbean. Increased competition, inflation, and a slowdown in local business activity are some of the factors responsible for the projected slower increase of U.S. exports to the Caribbean. However, despite this overall mixed picture, American exporters should find continued promising market potential in such areas as construction machinery and equipment, selected consumer goods, mining equipment and foodstuffs.

Mexico. Mid-year data on Mexico's trade patterns indicate that 1971 trade levels will increase only at a moderate rate, reflecting the adverse effects of the $1.1 billion record trade deficit incurred in 1970. The deficit resulted when 1970 imports increased 18 percent while exports declined 1.2 percent. Although Mexico will try to restrain its increasing import bill, it is unlikely that the Government will restrict imports needed to sustain normal economic growth, but there may be a shift of emphasis on the types of imports. Capital goods and chemicals will continue to offer the greatest sales potential for U.S. exporters. Because of this trade situation, Mexico will probably attempt to stimulate exports, especially of manufactures, through promotional programs including liberalizing fiscal and financial incentives.

Venezuela. Although 1970 was a successful year for U.S. sales to Venezuela, the first quarter reports for 1971 indicate that U.S. exports are almost 6 percent above the comparable 1970 period. The final 1971 U.S. export total should reach $800 million, compared with $759 million in 1970 and $598 million in 1966. During 1970 Venezuelan oil exports to the United States increased 16 percent, due to the special treatment accorded it in U.S. markets and growing demand for the increasingly valuable fuel oil products.

Andean Group

Five-Nation Unit Offers $3 Billion Import Market; Investments Curbed



The five Andean countries—Colombia, Peru, Chile, Ecuador and Bolivia—offer a combined market of nearly $3 billion; the United States is expected to supply between 38 percent and 40 percent of their total 1971 imports. U.S. exports are expected to increase in Colombia, Peru, and Ecuador, and to decline in Chile and Bolivia, according to Thomas K. Brewer of Commerce's American Republics Division. At this time, each country must be considered as a separate market by the exporter, although the prospective investor must look carefully at regional developments.

A new code governing foreign investment by companies participating in the expanded market imposes strict conditions on new and some existing investments. Foreign investors will participate, despite restrictions, when they have real confidence in the long-term growth of the Andean Group and in the individual countries.

Colombia. Imports in 1971 are expected to increase about 14 percent, compared to a 34 percent gain in 1970. The U.S. market share remained at 45 percent in 1970. Total imports should reach $1 billion in 1971, a record for Colombia.

After four years of rapid economic growth, there are signs that the Colombian economy is slowing down. Foreign exchange receipts are declining in the face of a slowdown in minor export earnings and lower coffee prices. Agriculture production did not keep pace with overall growth, due to heavy rains and road washouts in late 1970.

Colombia's modern industrial sector consumes a large share of total imports, including industrial machinery, electrical equipment and chemicals. Transport equipment remains a major import item.

Peru. Imports from the United States are expected to increase again in 1971; 1970 imports totaled $619 million, of which the United States supplied 32.1 percent.

Import growth is being stimulated in part by an upsurge in retail sales and increased purchases of replacement machinery and equipment for maintaining increased production levels initiated during late 1970. If progress is made on large-scale infrastructure projects the GNP may increase significantly this year. GNP growth was over 5 percent, in constant prices, in 1970. Private investment is sluggish, however, and conditions have weakened for 1971 export earnings.

Chile. U.S. exports are expected to decline from $300 million in 1970 to about $250 million in 1971. Lower sales are due to the slowdown in private investment, termination of the copper development programs, Government efforts to diversify import sources, the uncertain availability of new or expanded commercial credit lines to Chilean banks, and indications of tighter import controls with prohibitions on nonessential imports.

U.S. exports still comprise a large share of total imports. A high degree of liquidity in the economy and a redistribution of income among the lower income groups has created a demand for consumer goods, including agricultural products. This should provide opportunities for increased sales of raw materials, semi-manufactures, and finished consumer goods.

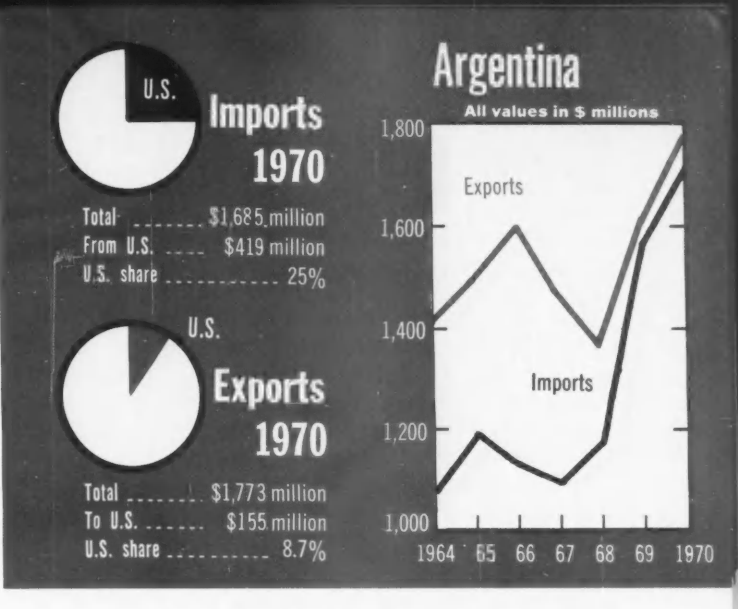
Ecuador. U.S. exports are projected to expand 17 percent in 1971. The major portion of the increase will be from imports for the development of petroleum and natural gas deposits. The progressive elimination of the prior import deposit system may also be expected to encourage imports. On the other hand the recent devaluation of the sucre and new stabilization policies will have a dampening effect on imports.

Bolivia. U.S. exports to Bolivia for the first quarter of 1971 are down about 60 percent. Bolivia's political instability has caused a rapid slowdown in new investment. The recent expropriation of two U.S. companies also has made foreign concerns reluctant to invest. A quick and just indemnification for the U.S. companies should restore confidence.

ANDEAN GROUP'S CHIEF IMPORTS FROM U.S.: machinery, road motor vehicles and parts, aircraft and parts, iron and steel, wheat, organic chemicals. ANDEAN GROUP'S CHIEF EXPORTS TO U.S.: coffee, copper, sugar, bananas, petroleum and products, iron ore and concentrates.

Argentina

Import Strength Seen Declining If Economic Growth Lags Further



Early 1971 strength in Argentine imports may lessen if economic growth decelerates further or if the Government limits imports. Total 1971 Argentine exports may not reach the 1970 record high dollar annual value of almost $1.8 billion, according to the Commerce Department's George M. Pollard, Desk Officer for Argentina.

Rapidly rising Argentine prices encourage importing as a hedging action. A 30 percent annual rate of inflation was indicated for the first months of 1971. Continuing public works infrastructure programs and expansion of enterprise facilities, particularly those of publicly owned entities, help sustain imports of high valued materials, equipment, and apparatus. However, imports could be reduced should business sales lag drastically and liquidity tighten excessively. Early 1971 Argentine export returns were well below those of the comparable 1970 period largely because of lower supplies of exportable beef products and wheat and delays in exports of other grains.

Growth rate slows

Argentine economic growth decelerated from a rate of 6.9 percent for 1969 to 4.8 percent for 1970. The first quarter 1971 rate of increase over the 1970 first quarter was only 2.3 percent. There may well be further deceleration.

Frequent changes over the past two years in the political and economic leadership of the Government of Argentina and the associated confusion respecting national economic policies discourages extended advance private enterprise planning. Accommodations to growing inflation become increasingly important to trading and financial operations.

Because of the high technological content of much of U.S. exports to Argentina and because of U.S. suppliers' ability to make relatively rapid deliveries, the generally favorable U.S. position in the Argentine market should continue in the near future. However, third country competition continues to intensify as shown by numerous recent European and Japanese trade missions and commercial exhibitions in Argentina.

The United States supplied almost 25 percent of the nearly $1.7 billion 1970 imports by Argentina, a record high annual dollar value. Transport aircraft shipments swelled 1970 exports from the U.S. to Argentina to the highest dollar annual total in over two decades.

Because Argentina's imports from the United States tend heavily to be intermediate materials and capital goods not generally produced in Argentina, such imports are not expected to be reduced significantly by Argentine tariff increases and other protectionist measures adopted over recent months. The Argentines, however, are driving for the maximum feasible content of Argentine produced items in all new installations and additions to equipment stocks.

There are good sales prospects in Argentina this year for heavy construction and materials-handling machinery; electric power generating and transmission items; air traffic control, communications, and data-processing apparatus; police and other public security items; railway signalling, rolling stock components and other gear; port machinery; measuring and industrial control instruments; and photographic and optical apparatus. A strong import demand is expected to continue for organic and selected other chemicals and for various aircraft and air transport equipment.

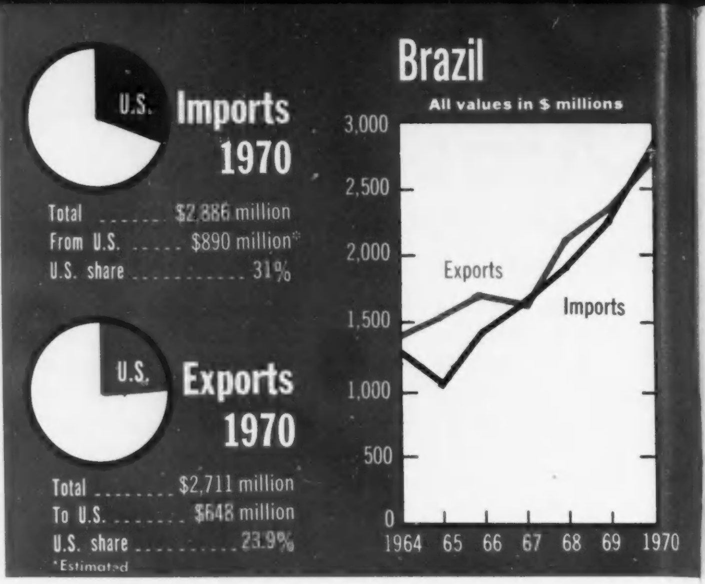
Forthcoming U.S. trade promotional activities include establishment of a Regional Trade Development Center in Buenos Aires late in 1971 and a commercial exhibition of selected industrial equipment late in 1972.

Private investors now operate defensively and commit little capital for medium-term or longer. Since October, foreign exchange controls have intermittently stopped profit remittances abroad.

ARGENTINA'S CHIEF IMPORTS FROM U.S.: Machinery and mechanical appliances, aviation equipment, iron and steel, automotive equipment, organic chemicals, telecommunications and other electrical equipment. ARGENTINA'S CHIEF EXPORTS TO U.S.: prepared meats, iron and steel, leather, sugar, wool, calculating machines.

Brazil

Expansion Plans, Improved Economic Performance Aid Market Growth



The outlook for Brazilian imports in 1971 indicates a continued expansion. Total imports for 1970 are estimated at $2,866 million (c.i.f.), compared to the 1969 level of $2,311 million. Imports are expected to increase again in 1971. Vast expansion plans and the improved performance of the economy are the major factors contributing to this trend, Elliot Werner, of the Commerce Department's Brazil desk, reports.

GNP in 1970 increased by an estimated 7 to 8 percent over 1969 due to increased industrial and agricultural production, and a sharp increase in foreign trade. Extensive private industrial investment and the prospect for a record agricultural crop should spur a similar increase in GNP in 1971. The downward trend of inflation continued in 1970, as the general price index registered its smallest increase in more than a decade.

Business confidence remains high, as evidenced by planned high levels of long-term industrial investment.

A surge of imports toward the end of the year boosted the estimated total for the year beyond earlier expectations, to $2,866 million—a whopping 28.7 percent increase over the 1969 level.

The first six months' 1970 data reveal that the United States continues to be Brazil's leading supplier. Total imports for the period amounted to $1,145 million. Of this total, $354.6 million came from the United States—compared to $315 million for the same period in 1969—representing 31 percent of the market, a 1 percent increase over the previous year. Brazil's principal import commodities include machinery and transport equipment, chemicals, and petroleum and derivatives.

Brazil's export performance was impressive in 1970. Total exports amounted to $2,711 million, a 17.3 percent increase over 1969. Exports for 1971 are targeted at $3 billion. Gold and foreign reserves were $1.2 billion by the end of 1970, almost double the level at the end of 1969.

Best export prospects

Brazil's development program for 1970-73 offers favorable prospects for U.S. exporters. It includes expansion of such industries as steel, transportation, chemicals and fertilizer, and electric power.

Extensive investment plans in the three large state-controlled steel plants, amounting to about $800 million in expenditures, and a number of smaller investment plans by privately owned plants are expected to generate $400 million in sales for foreign suppliers.

U.S. companies are expected to play a major role in the planned expansion of the chemical and petrochemical industries. The areas of concentration will be in caustic soda, sulfuric acid, and elastomers. Planned expenditures are expected to reach $825 million.

BRAZIL'S CHIEF IMPORTS FROM U.S.: industrial machinery, chemicals, aircraft and parts, electric machinery, copper, wheat. BRAZIL'S CHIEF EXPORTS TO U.S.: coffee, sugar, cocoa, iron ore and concentrates, canned meat, manganese ore.

More than $1 billion in expenditures for highway construction are planned for the 1970-73 period. This presents U.S. suppliers with excellent opportunities to increase exports of construction and earthmoving equipment. Sizable investments are also planned for Brazil's railroad, air transportation, and shipping industries.

Modernization, expansion, and creation of electrical powerplants is expected to create an annual investment of $700 million for the next five years.

Financing

Planned IBRD loans for fiscal year 1971 amount to $337.5 million, while the IDB plans $450 million in loans.

AID plans to loan Brazil $65 million in 1971 for improvement of education, agriculture, and capital markets. Eximbank activity has greatly increased in Brazil to aid U.S. exporters in meeting the stiff competition posed by European and Japanese suppliers.

A. U.S. Department of Commerce-sponsored Industrial Machinery Exhibit is to be held in Sao Paulo in November of this year. The solo exhibit should provide a fine sales vehicle for exporters of business office equipment, advanced machine tools, graphic arts equipment and printing machinery.

Caribbean

Outlook Is For Investment Opportunities, Steady But Slower Increase In Imports

Caribbean

	1969 Imports			1970 Imports January through latest month			
	From world	From U.S.	U.S. share	Latest month	From world	From U.S.	U.S. share
	$ million		%		$ million		%
Bahamas	296	203	69	Dec.	343	189	55
Bermuda	86	37	43	Mar.	17	10	55
Jamaica	442	185	42	May	199	82	41
Netherlands Antilles[1]	691	79	11	Mar.	186	21	11
Trinidad & Tobago	483	71	15	Dec.	543	88	16

[1] F.o.b.

The Caribbean Area (minus Haiti and the Dominican Republic) appears to be increasing its U.S. imports at a slower rate than over the last few years, although the end of the year may bring sharper rises when imports customarily increase to meet the tourist season. Projections are for $865 million in total U.S. exports to the region in 1971, an increase of 3 to 4 percent over last year, as opposed to 13 percent between 1969 and 1970.

Trade among CARIFTA (Caribbean Free Trade Association) members continues to grow gradually, but is still relatively small, according to Frederic G. Kayser, Commerce's Caribbean Desk Officer. British Honduras, on May 1, became the twelfth member.

Jamaica. Gross national product increased about five percent in real terms to $1,046 million and probably will not show a higher percentage increase in 1971. U.S. exporters captured 43 percent of the 1970 market and should enjoy good sales this year, although the tapering off in construction of tourist facilities and alumina processing plant means less demand for capital equipment. Housing, office, and tourist construction will require plumbing, lighting, air conditioning, and elevators. There are good markets for rice, flour, and animal feeds; the hotel industry needs fresh and frozen fruits, vegetables, and meats, and increased demand exists for textiles and fabrics in the garment industry. The manufacturing sector, which also provides many investment opportunities for well researched and planned projects, will require a variety of fats and oils, plastics, rubber manufactures, leather, hides and fertilizers.

Trinidad. While 1970 GDP reached a record $898 million, growth was only two percent in real terms and the country suffered adverse weather, social unrest, and declining crude petroleum production, with both agriculture and tourism off. Trinidad, nevertheless, held general elections without violence and retained considerable investor confidence. There are good long-term prospects for petroleum with large offshore deposits of crude oil and natural gas expected to come into production in late 1971, reversing the current slump. This should assure retention of the present U.S. market share with good potential for increases.

New markets

There are new markets in Trinidad for oilfield equipment (especially for deep water drilling) and for machinery and construction equipment related to the petroleum and petrochemical industries. Investment opportunities also exist for manufacturers and service firms that supply these industries. Demand remains strong for animal feedstuffs; hotel and restaurant equipment, including air conditioning, refrigeration and swimming pools; American food lines for the tourists; raw and semi-finished products for light industry.

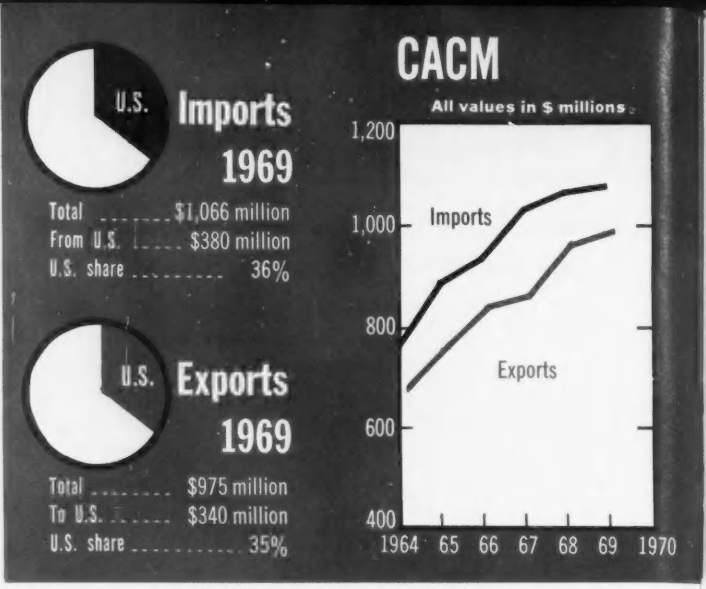
Netherlands Antilles. National income statistics are not yet available for 1970, but foreign exchange reserves were up, there was a balance of payments surplus, and the country enjoyed a substantial rise in tourism. Modernization of the oil refineries and renewed profits in Curacao's phosphate mine tempered unemployment.

U.S. exporters increasingly dominated the market in 1970, but Japanese competition in new automobiles and appliances and consumer goods from Venezuela and the EEC (aided by reverse preferences) are now cutting into U.S. market share. Overall U.S. sales are still up, with continued demand for food, clothing, air conditioning, refrigeration equipment, household appliances, construction items and luggage, plus used American cars and new car parts. Investments in manufacturing for export remain attractive.

Bahamas. Tourism and construction continue to dominate the economy. Per capita GNP was estimated at more than $1,500 for 1970, but there was a 9 percent drop in U.S. imports ($187 million) and lessened business activity, reflecting inflation, the U.S. slowdown, restrictive government policy in granting work permits to foreigners, and a current hiatus in large new construction projects. Long-range prospects for U.S. goods are bright, nonetheless. Building supplies, construction equipment, food and appliances lead the way with new demand for modular housing, irrigation equipment, boats, marine equipment, luggage, and school paper.

Central America

Common Market Impasse Alters Trade Picture, Restrains Economic Activity



The Central American Common Market (CACM) is going through its severest test yet, the Commerce Department's Central America Desk Officer Robert H. Bateman reports.

As it is quite uncertain how or when the five member countries will be able to resolve their differences, predictions at this time are hazardous. Even if a satisfactory solution is found before the end of the year, regional economic activity will be adversely affected.

Problems are arising in the local marketing of CACM manufactured products. This, in turn, could dampen general economic growth and import demand to the point where total CACM imports—and those from the United States—this year do not exceed 1970 levels: about $1,250 million and $500 million, respectively.

The immediate cause of the current CACM crisis was Honduran Decree No. 97 of Dec. 31, 1970, which halted for an indeterminate period the duty-free entry into Honduras of goods produced in other CACM countries. Affected by this law were Costa Rica, Guatemala, and Nicaragua; there has been no trade between Honduras and El Salvador since their July 1969 war.

A rapidly deteriorating fiscal and balance of payments situation that Honduras considered a direct result of a disadvantaged position within the CACM led to the Honduran move. Since an impasse had been reached in the "modus operandi" negotiations to restructure the CACM (to provide for a more equitable sharing among member-countries of the benefits arising from integration), Honduras felt obliged to act unilaterally. As basic treaties have not been abrogated, Honduras is still formally a member of the CACM.

Favors CACM

Honduras also continues to favor the Central American Common Market in principle, foreseeing a return to internal CACM free trade within time—that is, when Honduras feels strong enough in economic and industrial terms to compete successfully with other, more industrialized member countries. This development could take several years. The Governments of Costa Rica, Nicaragua, Guatemala and El Salvador, meanwhile, continue to press for a reopening of the five-country market immediately—for in the short term, there are serious problems:

- Some manufacturing firms in Central America set up to supply a regional market are suffering; there is evidence of plants operating below capacity and workers being laid off.
- The loss of the Honduran market has in some cases led to a more aggressive marketing of CACM products in other member countries. In an effort to counter this trend, some governments will be tempted to take protective measures that further compromise internal free trade.
- Because of internal trade barriers and general uncertainty about the future of the CACM, private investment in manufacturing for local consumption has fallen off considerably. However, there may be some new investment in import-substitution industries in Honduras this year to supply this more protected market.

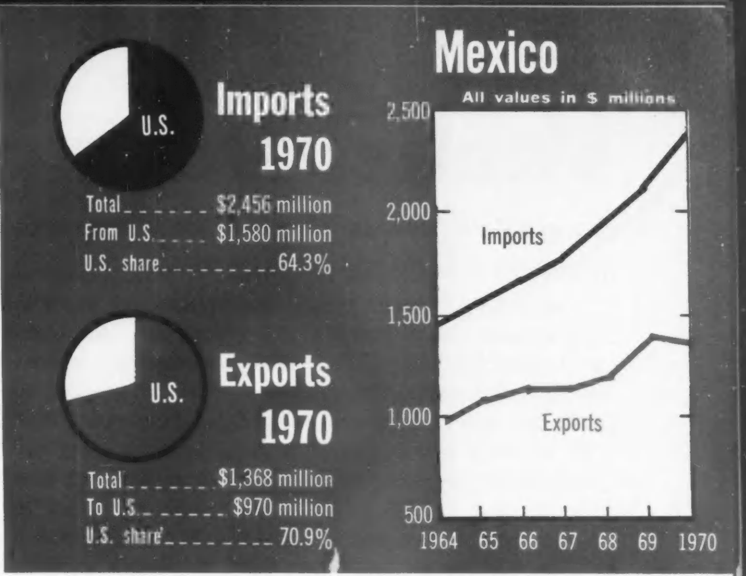
CACM'S CHIEF IMPORTS FROM U.S.: machinery, autos and parts, paper and paperboard, wheat, organic chemicals, synthetic resins and plastic materials. CACM'S CHIEF EXPORTS TO U.S.: coffee, bananas, beef, sugar, shrimp, tobacco.

All of these factors will affect 1971 trade patterns. CACM imports of machinery and equipment, fuels, and raw materials for use in manufacturing are likely to drop. On the other hand, there could be some increase in importation from non-CACM sources of finished goods previously supplied by CACM firms—especially in the case of Honduras.

Specific products likely to grow in importance among CACM imports in 1971 are those needed in connection with the public investment projects of the five countries: demand should be higher for irrigation equipment, electric-power generating and distributing equipment and highway-construction machinery.

Mexico

Business Upturn Expected Despite Record Trade Deficit During 1970



Indications at mid-year were that Mexican trade levels in 1971 would increase at only a moderate rate, reflecting the adverse effects of the record $1.1 billion trade deficit incurred in 1970.

The deficit arose when imports grew by 18 percent in 1970 while exports declined by 1.2 percent, reports Paul S. Flores of Commerce's Mexico Desk. Imports by the public sector rose by 37 percent while private imports were up by 13 percent. It is expected that imports, which were up by 8.1 percent in the first quarter of 1971, will be held to an increase of around that level for the year as a whole. This was largely due to cutbacks on government imports and holding down the rate of increase of some less essential private imports, including some capital goods whose importation can be deferred.

GDP increases

Mexico's Gross Domestic Product increased by 7.5 percent in 1970 in real terms, continuing the strong economic growth it has sustained for more than 25 years. The GDP in current prices totaled $34 billion. The outlook for 1971 is not as promising as in 1970 owing to a somewhat sluggish economic start, but the GDP probably will still grow between 5 and 6 percent in real terms. The GDP growth rate will probably be affected by a reduction in the growth rate of imports, since more than 80 percent of them traditionally consist of capital and producer's goods, and by what is expected to be only a fair agricultural season in 1971.

Some measures taken by the new administration, in office only since December, have caused concern in certain parts of the business community. Already burdened by a new labor law enacted in 1970 which increased labor costs substantially, in January business became subject to increased excise taxes on a large list of luxury goods, and on beer, soft drinks and technical services fees; reduced exemptions on advertising expenses and depreciation on fixed assets; and increased social security contributions by employers. As a result some business leaders complained that the administration was moving too fast with new measures which were saddling business with increased labor and operating costs, and could lead to a reduction in the rate of new private investment.

The Administration responded by pointing out that the private sector had made no significant contributions toward improving the national income distribution in recent years, and exhorting it to continue a high level of investment and become more sensitive and responsive to the country's social needs. The probable result of this interchange may be that the "wait and see" attitude which traditionally confronts each new administration will be somewhat more prolonged this time. Present indications are that normal business activity will not pick up until the last half of 1971.

MEXICO'S CHIEF IMPORTS FROM U.S.: industrial machinery, chemicals, autos and parts, iron and steel castings and scrap, precision and measuring instruments, transportation equipment. MEXICO'S CHIEF EXPORTS TO U.S.: sugar, tomatoes, coffee, shrimp, live cattle, beef.

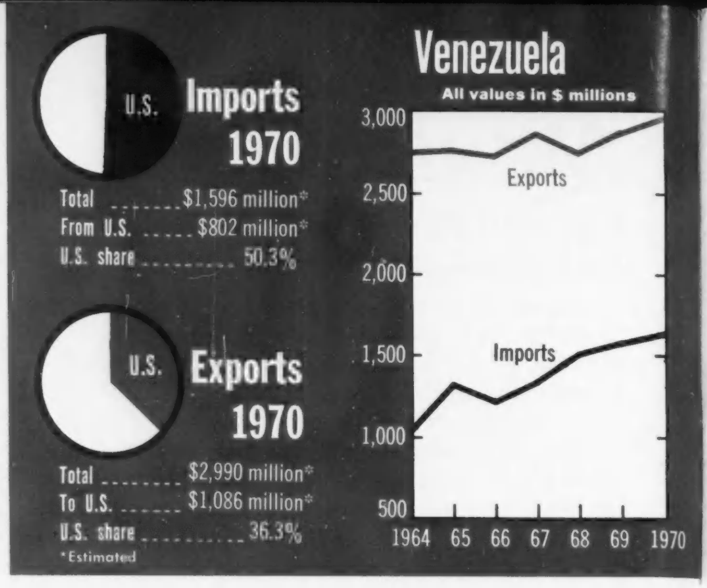
The U.S. supplied 64.3 percent of Mexico's imports, which totaled $2,456 million in 1970, slightly above the 62.5 percent market share registered in 1969. Exports, which totaled $1,368 million in 1970, declined by 1.2 percent from the preceding year. The U.S. was by far Mexico's leading customer in 1970, taking 70.9 percent of its exports.

As usual, capital goods, including all types of machinery and equipment for industry, transport and communications equipment, and similar goods, especially those with a high level of technological content, will continue to offer the greatest sales potential. The second category with best sales potential would include chemicals and similar types of materials for industry and components for inclusion in Mexican manufactures. Consumer goods, already accounting for a small percentage of Mexican imports, will likely diminish further.

In addition to its record trade deficit, Mexico suffered a current account deficit of $865 million on its balance-of-payments for 1970. However, indications are that it registered an overall surplus, thanks to a liberal inflow of foreign capital. Mexico's total foreign exchange reserves at the end of 1970 amounted to a record $820 million.

Venezuela

Economy Continues Forward Progress; Investment Legislation Is Pending



Venezuela's overall trade outlook continues to look excellent mid-way through 1971. For the first five months of this year, U.S. exports to Venezuela were running 10.9 percent above the similar 1970 period. Last year was in turn a highly successful year, with U.S. exports totaling $759.3 million, according to Commerce's Venezuela Desk Officer, Charles N. Keating, Jr.

Over the last five years U.S. exports to Venezuela have steadily increased from $598 million in 1966, expanding with each successive year, and should easily climb above the $800 million mark in 1971. Market share of U.S. products has been almost 50 percent of total Venezuela imports although in percentage terms final 1970 results may show a slight drop. Reflecting increased U.S. purchases, the volume of Venezuelan oil entering the United States increased by 16 percent or 210,000 barrels a day in 1970.

Depending upon the Venezuelan Government's ability to enter into rapid sales contracts with foreign suppliers and effect delivery of contracted products, Venezuelan imports worldwide may range from 5 percent to 10 percent above 1970 levels. GNP should continue to expand at the quite healthy rate of 5 to 7 percent in 1971.

The initial budget for 1971 of 10.5 billion bolivars (US$2.3 billion) was to be financed entirely out of non-borrowed revenues, with major emphasis on capital development. An amendment to the initial budget of 1.3 billion bolivars (US$308 million) was submitted to Congress this spring, reflecting an adjustment in proposed government spending and due to increased revenue derived from higher petroleum taxes. This additional increase should have a stimulating effect on overall Venezuelan imports.

Confidence in the bolivar continues as foreign exchange reserves exceed the $1 billion mark. As of May 1971 reserves stood at $1,113 million. The bolivar, therefore, remains as one of the few hard currencies in the hemisphere, freely convertible, and generally immune from short-term price or supply distortions. Inflation in 1970 was slightly over 2 percent, one of the mildest in the world. While it is likely to increase this year, due in part to substantial growth in government spending and a general expansion in the monetary supply, inflation should continue to be a manageable aspect of the Government's economic policy.

Investment legislation

On the investment side of the picture, legislation substantially affecting U.S.—Venezuelan relations awaits final consideration. Among proposed legislation is a bill providing for establishment of a foreign investment code, another to grant to the Venezuelan Government exclusive right to the industrialization of natural gas, a bill providing for reversion of assets of the international oil companies upon expiration of their oil concessions beginning in 1983, and one which would eliminate private companies from gasoline distribution within Venezuela.

VENEZUELA'S CHIEF IMPORTS FROM U.S.: motor vehicles and parts, wheat, pumps, iron and steel, power generating machinery, heating and cooling equipment. VENEZUELA'S CHIEF EXPORTS TO U.S.: petroleum products, crude petroleum, iron ore and concentrates, coffee, shrimp, diamonds.

Explanations for the proposed legislation are many and varied. In part, it reflects a growing sense of nationalism, a trend spreading throughout the hemisphere. It is also indicative of a growing self confidence in Venezuela and a realization that substantial capital investments may be made without the cooperation of direct foreign investment or foreign partners.

The country's Minister of Finance, Pedro R. Tinoco, stated in an address in New York this spring, however, that foreign investment was, is and always will be welcome in Venezuela. The Government, Minister Tinoco said, considers foreign investment an element so vital for financing national development that it is considered an essential part of the economic and financial structure of the country. With this statement in mind, present and potential investors in Venezuela should watch developments of the next few months very closely, for they will, to a great extent, establish the framework for foreign investment in the years to come.

Demand Strong In W. Europe

U.S. Exports Expected To Gain Further, Despite Exchange Rate Flux, Other Uncertainties

Despite slower growth, the exchange rate situation and other uncertainties, European import demand in the rest of 1971 will remain strong. Accordingly, U.S. exports are expected to register another gain which, while below the 17 percent recorded last year, will be above the average for recent years, J. Robert Wilson, of the Commerce Department's Western Europe Division, reports.

The majority of the European economies are still beset with inflation, although price rises are less severe than last year. In some instances it is a case of excessive demand, in others, it is the more disturbing case of "stagflation"—stagnation and inflation combined. This latter type of inflation poses a serious dilemma for economic policy. Should stimulative measures be applied at the risk of fueling inflation or should deflationary measures be carried out at the risk of greater unemployment?

Most European policy makers tend to opt for stimulative, expansionary policies. The governments reacted to the leveling out of industrial production that occurred last summer with a number of measures designed to increase economic activity. Almost without exception, central bank discount rates were subsequently lowered. Budgets, notably that of the United Kingdom which was announced in April, have been at least mildly expansionary. Reductions in both British personal income taxes and corporation taxes should serve to stimulate private consumption and private investment. Nevertheless, only three months later, the case for British reflation is being argued with increasing force. Even in Germany, where fears of inflation are very pronounced, fiscal policy is exerting a mildly expansionary influence.

Of the larger European countries, only in France is investment currently proceeding vigorously. Incidentally, France is one of the few European countries where total imports are expected to grow more rapidly in 1971 than in 1970. In the rest, consumer demand, buoyed by the record wage increases of 1970, is the main force for economic expansion.

The situation in Italy is problematical. However, given improvement in the social-political situation that would engender confidence in the business community, an upswing in private investment is likely.

The combined GNP of the Six, which grew by 7 percent in 1969 and 5½ percent in 1970, may increase by only 4½ percent this year. Fixed capital investment, which in 1970 increased 8½ percent in real terms (19 percent in value), is expected to grow only 4½ percent in 1971. In absolute terms, however, this represents a substantial input, since the investment ratio in 1970 was the highest since the creation of the EEC in 1958. Public expenditures for construction will rise in all member states. Community industrial production is expected to increase by 4 to 4½ percent.

European integration

The recent success of the negotiations between Britain and the EEC suggests that, if British parliamentary approval is obtained, Britain will join the Common Market in January 1973. The other three applicants for membership, Denmark, Norway and Ireland, would also join at that time. All the applicants have agreed to accept the existing Common External Tariff of the EEC. Adjustment of their national tariffs on industrial goods to the EEC tariff would take place in steps over a five-year transitional period. The enlargement of the European Communities is bound to raise the question of the situation of those European Free Trade Association countries not seeking membership —Austria, Finland, Iceland, Portugal, Sweden and Switzerland. The communique of the EFTA ministerial meeting in mid-May stated that the "Ministers reaffirmed their strong interest in safeguarding, as an important part of an enlarged European community, the free trade already established between EFTA countries."

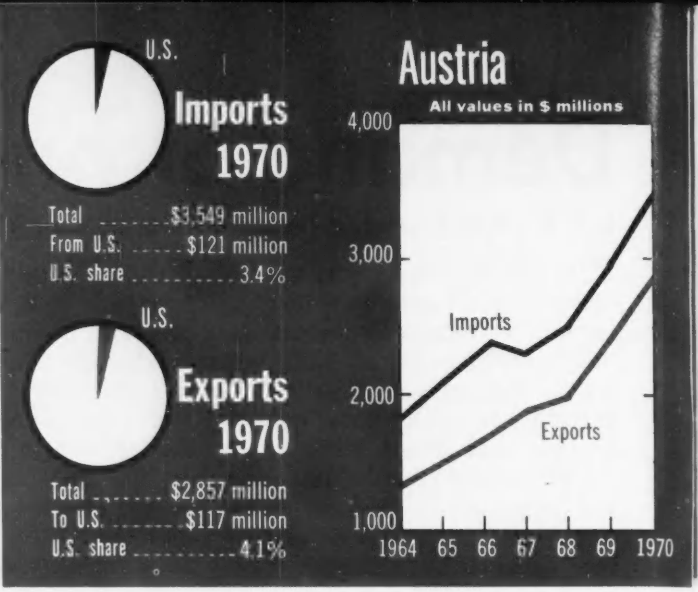
Best prospects

Products with particularly favorable prospects for increasing sales to Western Europe in the months ahead include a wide range of high-technology items in which the U.S. enjoys technological advantages, including measuring, testing and control apparatus; computers and peripheral equipment; electronic components; and electrical controls. Other products with a high degree of sales potential are: packaging and materials handling equipment; pollution measuring and control equipment; and equipment for the telecommunications, chemicals and plastics industries.

While available market information does not permit a general assessment, it is likely that in view of the expected increase in consumer expenditures throughout most of the region, export opportunities for certain consumer durables such as electrical heating devices, dishwashers, freezers and dryers should prove to be worth exploring. Some types of fashionable wearing apparel are finding ready acceptance.

Austria

Recent Developments In Economy Spur Demand For U.S. Goods



In 1971, Austria's imports from the United States and the world at large should substantially surpass the record levels attained in 1970. These gains should be possible even though Austria's economic growth rate this year will be somewhat below the unusually high rate achieved in 1970.

Nancy Keely, of Commerce's Austria Desk, reports that Austrian GNP in 1970 rose to over $14 billion for a real increase of about 7 percent over 1969, a rate which outpaced that of any other European country. Although business and Government anticipate continued growth of the economy well into 1972, the gain this year is expected to be more on the order of 4 percent to 5 percent in real terms. With growth of this magnitude, largely reflecting continued high levels of consumer expenditures resulting from by now over-full employment and a 10 percent wage increase, imports are bound to rise again this year. Also spurring imports, particularly from the United States, is the greater need in industry to utilize advanced technology equipment. This stems from the fact that, with cost-push now a key problem and capacity utilization in industry running at a near maximum rate, manufacturers are shifting increasingly to the use of labor-saving and cost-reducing types of machinery and equipment.

Additional advantage

An additional advantage for U.S. exports vis-a-vis domestic products should also result from Austria's 5 percent revaluation in May. Moreover, the U.S. competitive position vis-a-vis imports from Switzerland, Germany and the Netherlands will also be improved somewhat as long as the value of the dollar in those countries remains lower than it was prior to May 1971. All in all, these favorable developments should provide considerable opportunities for U.S. exports to Austria to the extent, however, that the sales orders are filled directly from U.S. plants rather than by the European subsidiaries of American firms.

Another big increase

Austrian imports from the world amounted to $3.5 billion in 1970, as compared with $2.8 billion in 1969, a 25 percent rate of expansion. Total Austrian imports in 1971 could reach about $4 billion, roughly 14 percent above the 1970 level.

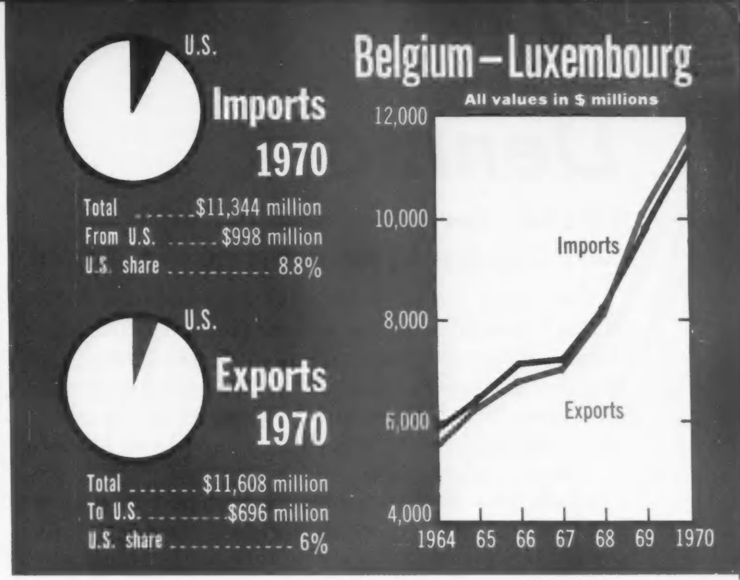
Austrian imports from the United States expanded by almost 50 percent, pretty much across the board, from $84 million in 1969 to over $121 million in 1970, the highest level since the early post-war years. Imports from the United States for 1971 could increase by another 40 percent-45 percent, possibly to about $175 million, although much of this gain will stem from the Austrian airlines' purchase of over $38 million worth of DC-9 jet aircraft and parts, planned for delivery later this year. The U.S. share of Austrian imports, although still quite small, rose from 2.9 percent in 1969 to about 3.4 percent in 1970, and should continue to expand in 1971. In this connection, the best prospects for increased U.S. sales would appear to be for electronic computers; measuring, testing, and controlling apparatus; and office machinery. Along with overall expansion of industry, opportunities should also develop for the sale of U.S. pulp and paper processing machinery, heating and cooling equipment, mechanical handling equipment, and construction machinery.

AUSTRIA'S CHIEF IMPORTS FROM U.S.: feeds, tobacco, nonferrous metal ores, machinery, chemicals, textiles. AUSTRIA'S CHIEF EXPORTS TO U.S.: cheese, imitation jewelry, machinery, apparel, bicycles, sporting goods and toys.

U.S. exporters will have an opportunity to participate in the Vienna Autumn Fair this September through a unique Commerce Department facility—the Business Development Office and Catalog Exhibition—to be set up especially for this event. Emphasis will be placed on promotion of U.S. machinery and equipment for all phases of the chemical industry and for business management and process control/automation equipment used in other processing industries. Interested U.S. firms may wish to contact the Department's Bureau of International Commerce for further information about these promotions.

Belgium

More Moderate Growth Is In Store; Trade To Rise, But Less Than In 1970



Following a welcome period of moderate deceleration, the Belgian economy has entered a more balanced phase and foreign trade is expected to make a reasonable advance but by a smaller margin than in 1970. Whereas 1970 imports rose about 14 percent and exports by 15 percent, the increase for each in 1971 has been forecast at slightly below 12 percent, reports Robert H. Walker, Commerce's Desk Officer for Belgium.

Prices in Belgium have held better than those in major trading partners. Domestic consumer expenditures are expected to increase considerably as will the export potential for consumers goods as a result of the sharp wage increases in other EEC countries. Replenishment of depleted stocks and fulfillment of investment orders placed last year is under way. Substantial improvement in the steel situation, partially influenced by the threat of a U.S. strike, has developed.

The gross national product in 1970 rose an estimated 5.5 percent in real terms. Predictions for 1971 set the growth at a lower, but healthy, increase of 4.1 percent.

On Jan. 1, 1971, Belgium introduced its tax on value-added (TVA), replacing the former transmissions tax. Antedating the TVA, legislation to hold the price line became effective in November 1970. In the first four months of the year, the cost of living index rose by 2.3 percent, slightly exceeding the mechanical effect of the TVA which was officially calculated at 1.8-2 percent. Further and significant pressures on wages and prices are expected.

The Belgian economy suffered little from the spring monetary crisis. Unlike the Netherlands and Germany, Belgium has a dual foreign exchange market, i.e., an official market and a free market. This mechanism permitted parity to be maintained in the official market where foreign trade and services are financed, while the rate on the free market, used mainly for capital transfers, was allowed to float.

Trade gains

Although the increase in total Belgium - Luxembourg (BLEU) foreign trade did not match the strong gain registered in 1969, it nevertheless made an appreciable advance. Total BLEU imports reached $11,344 million, 13.7 percent over 1969, while exports increased 15.3 percent to $11,608 million. The trade surplus of $264 million is the second which BLEU has experienced since 1951, substantially exceeding the $76 million surplus of 1969.

As in recent years, the bulk of BLEU's trade was with the Common Market partners. The EEC import share rose to 58.8 percent against 57.4 percent in 1969, while the export share increased to 68.5 percent over 67.5 percent in the preceding year. Improved terms of trade for BLEU exports, particularly for steel and metal manufactures, are presumed to account for much of this surplus. Structural changes brought about by foreign investment are also credited by some as a significant factor, because of the marketing outlets in the parent company's homeland available to the firm in BLEU.

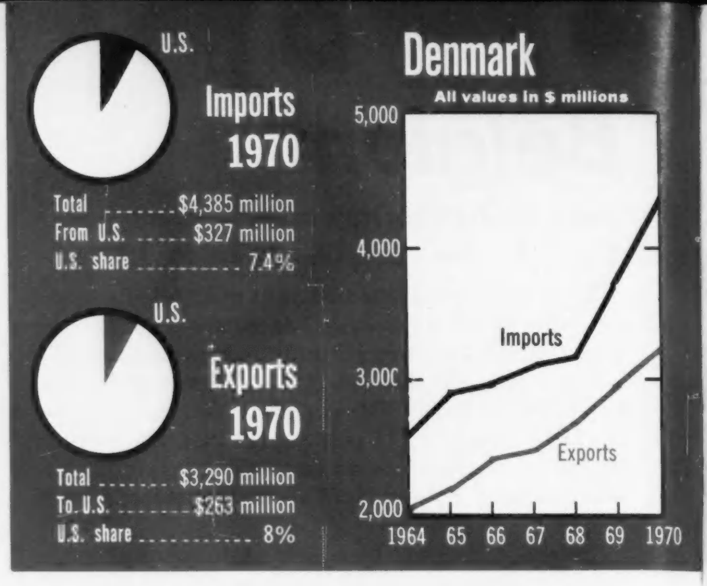
BELGIUM-LUXEMBOURG'S CHIEF IMPORTS FROM U.S.: nonelectric machinery, chemicals and products, grain, copper scrap, automotive vehicles, textiles and products. BELGIUM-LUXEMBOURG'S CHIEF EXPORTS TO U.S.: iron and steel mill products, diamonds, automotive vehicles, textiles and products, chemicals and products, nonelectric machinery.

U.S. trade with BLEU recovered from the doldrums induced by the 1969 dockstrike. Imports from the United States soared upward 30.3 percent to total $998 million. Exports to this country, however, remained almost static at $696 million, moving up only 0.1 percent. The rapid import growth resulted in increasing the U.S. share of the BLEU market from 7.7 percent in 1969 to 8.8 percent in 1970.

Emphasis placed by the Belgian Government on increased investment in its new five-year plan should offer a unique opportunity to U.S. firms producing goods, systems and equipment embodying new technology. Other items with bright prospects are consumer electrical appliances, automatic laundry and dry-cleaning plants, car washing facilities, and equipment for quick-service restaurants.

Denmark

Inflation, Payments Deficit Persist; But 'Guarded Optimism' Is Business Mood



Continued Government efforts to dampen inflationary pressures and to ameliorate the serious payments deficit are expected to curb the growth of the Danish import market this year. Only a limited expansion of U. S. sales in Denmark is foreseen, the Commerce Department's Denmark Desk Officer, F. Pierce Olson, reports.

In view of the Government's stringent monetary policies and the consequent credit shortage, only a moderate rise in business investment in machinery and equipment is forecast; and price and tax increases are expected to dampen consumer demand, despite rising money incomes in 1971. A sharp reduction in central Government outlays will reduce the overall growth in public spending to about 6 percent in real terms, according to an official report, although local government budgets continue to rise.

Continued full employment appears contingent upon an expansion of Danish exports, but the outlook for a significant expansion is none too bright. Nevertheless, by the end of the first quarter, the business mood could be described as "guardedly optimistic," as there were expectations in most industries of moderate increases in both domestic and export orders.

Slower growth

The Danish gross national product reached $17.1 billion in 1970, showing a real growth of 4.5 percent over the 1969 level. This year GNP is expected to register a gain of somewhat more than 8 percent in current prices, but in real terms growth will be only about 2 percent. In a long-range projection, the Ministry of Finance predicts an average annual real growth rate of 3.2 percent over the 15-year period 1970-1985, compared to a rate of almost 5 percent during the 1960s.

Denmark's imports in 1970 reached $4.4 billion, a 15 percent increase over the 1969 level. Imports from the United States failed to match that pace, still rising 12 percent to $327 million. The U. S. share of the Danish import market thus declined from 7.7 percent to 7.4 percent. A further slippage will probably occur again this year. During the first three months, for example, total imports rose 10 percent over the first quarter level of 1970, while imports from the United States expanded less than one percent.

Banner year

While 1970 was a banner year for U. S. agricultural exports to Denmark, it appears unlikely that the level can be increased significantly this year. And the slowdown in industrial investment will probably affect U. S. exports of machinery and equipment, which normally represent about 40 percent of total U. S. exports to Denmark. Nevertheless, prospects for particularly advanced machinery, as well as industrial electronics and instruments for scientific and industrial use, remain fairly bright, as Danish industry, faced by continuing wage pressures, must continue to increase productivity by rationalization in order to mantain its competitive position in world markets.

DENMARK'S CHIEF IMPORTS FROM U.S.: nonelectric machinery, soybeans, electric machinery, aircraft, tobacco, instruments. DENMARK'S CHIEF EXPORTS TO U.S.: meat products, electrical machinery and appliances, dairy products, nonelectric machinery, furniture, chemicals.

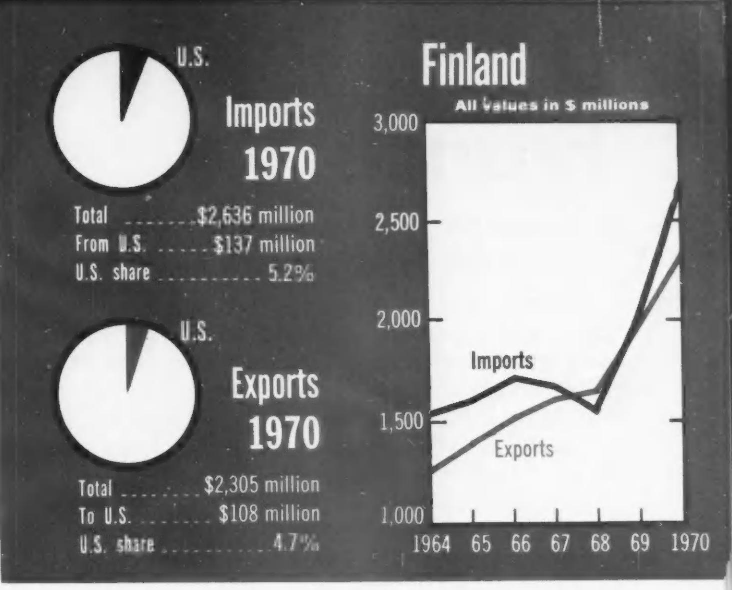
Other products

Other products identified by the U. S. Embassy in Copenhagen as having above-average sales prospects in Denmark this year include citrus fruits and juices; certain specialty vegetables; pharmaceuticals; and specialty non-ferrous metal items, such as copper foil and aluminum plate, where dimensions and tolerances count for more than price.

Denmark's deficit on current account in 1970 was a record $540 million. The Ministry of Finance forecast notes that before the end of this decade Denmark must start accumulating balance-of-payments surpluses of almost equivalent magnitude in order to meet interest payments on external debt and continue to finance its foreign aid obligations, if the latter are to remain at the present level. To achieve this, the Ministry emphasizes, the expansion of public sector demand must be curbed sharply and exports must increase rapidly.

Finland

Year Of Consolidation And Adjustment Follows Period Of Vigorous Expansion



After two years of vigorous economic expansion with relative price stability, 1971 is likely to be a year of consolidation and adjustment for Finland. Despite the government's demand management measures, however, inflationary pressures are still at work, and another large trade deficit is expected.

F. Pierce Olson, Commerce's Desk Officer for Finland, reports that Finnish economists expect the gross domestic product to reach $11 billion, a real increase of only 3.5 percent, compared to 6.7 percent last year. Strikes in the metalworking and construction industries early in the year; a slackening of private investment growth; poorer export prospects; and a continued balance of payments disequilibrium, requiring additional measures to restrain imports, are all expected to contribute to the slowdown in growth.

Certain bottlenecks in industrial capacity and a shortage of skilled labor have also helped to dampen the growth rate. However, completion of investment projects in the key wood-processing and metals industry should increase capacity later this year.

Finland has maintained an incomes policy since March 1969, following the devaluation of October 1967. Because of its rapid growth since then, however, various distortions in the economy have become evident. This year's wage agreements reflect a weakening of the wage segment of the incomes policy, and selected price increases are being allowed in order to dampen consumer demand, which was in part responsible for last year's record import level. Restrictions on the use of import credits and the imposition of extraordinary taxes on certain consumer goods are also designed to restrain consumer demand and prevent an even greater import surplus this year.

While exports rose 16.1 percent last year, imports boomed up 30.2 percent to a level of $2.6 billion, leaving a trade deficit of $331 million. Imports from the United States surged upwards 33 percent to $137 million, increasing our share of the market slightly. According to current estimates, the growth of imports from the United States this year should exceed the expected overall market growth of 6 to 7 percent. Finnish exports are expected to expand at about the same rate; hence, another large trade deficit is expected. A temporary tax, averaging 3 percent, has been imposed on certain imports. While exchange reserves are adequate, in the long run exports must be expanded to close the gap.

Good year for U.S.

A restrictive monetary policy is expected to limit advances in investment in plant and equipment to about 7 percent this year. To improve the competitive position of export industries, however, it is probable that efforts to modernize and expand their facilities will be encouraged. This implies another good year for the United States, as investment goods represent the largest portion of our exports to Finland. According to the U. S. Embassy in Helsinki, data processing equipment; testing and control equipment; certain industrial chemicals; electrical machinery and equipment; and pollution control equipment offer the best possibilities for U. S. exporters.

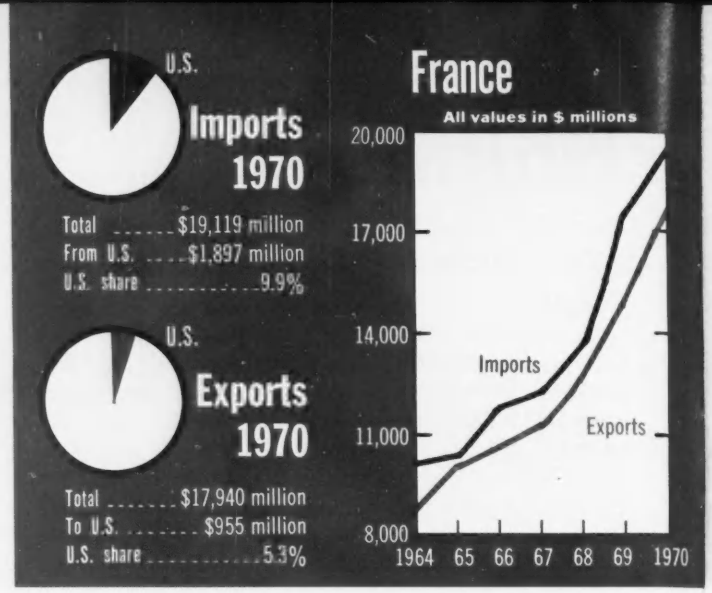
Finland has clearly indicated that, in view of its policy of neutrality, it is unwilling to consider membership or associate membership in an expanded European Economic Community. It is, however, keenly interested in reaching a trade agreement with the expanded Community that will ensure its continued competitive access to West European markets. Over the past three years exports to the Six, plus the United Kingdom, Ireland, Denmark, and Norway—the current applicants for membership—have averaged over 50 percent of total Finnish exports.

Many Finnish business firms have had long experience in dealing with the Soviet Union and stand ready to act as middlemen on behalf of U. S. exporters interested in the development of East-West trade.

FINLAND'S CHIEF IMPORTS FROM U.S.: nonelectric machinery, commercial aircraft, chemicals, electric machinery, plastics and synthetic resins, tobacco. FINLAND'S CHIEF EXPORTS TO U.S.: paper and paperboard, plywood and particle board, nonelectric machinery, pulp, mink furskins, dyeing materials.

France

Economic Growth Likely To Moderate; Purchases From U.S. Should Increase



With the French economy expected to achieve real growth of 5 percent this year, and with industrial production and business investment rising at annual rates of about 10 percent, the prospects for continued increases in U.S. exports to France are quite good. However, reports John E. Hall of Commerce's France Desk, the rate of increase for 1971 will be significantly below the phenomenal 29 percent growth experienced last year.

GNP for 1971 is forecast at $163 billion, up 10 percent over the 1970 level. But with anticipated rises of 5 percent in prices and 8 to 10 percent in wages this year, inflationary pressures persist in the economy. A rise in the Bank of France's discount rate in mid-May will probably raise the cost of money; other new restraints are expected in the near future. These prospects reinforce expectations of somewhat more moderate growth in the second half of this year.

Total French imports are expected to increase by 11 percent this year, with total exports rising at about the same rate. However, the strength of demand for consumer goods (traditionally a weak area for imports from the United States) and significant declines in deliveries of large U.S. commercial aircraft should limit the increase in U.S. exports to France to about 8 percent over the 1970 level.

French imports from the United States climbed to $1,897 million in 1970, 9.9 percent of the French total. Substantial increases were made in U.S. sales of aircraft, iron and steel, nonferrous metals, soybeans, coal, office machines, and pulp and paper. French figures for the first quarter of 1971 show total imports up by 11 percent over the comparable period of 1970, and imports from the United States up by 18 percent; however, the first quarter figures include the only Boeing 747 jet liner scheduled for delivery to France this year.

A survey of business opinion taken in May indicated that orders were slightly above normal levels and rising slowly; however, inventory levels remained excessive, particularly in the "intermediate" and capital goods sectors. Although overall foreign demand was felt to be weak, export orders for consumer goods were strong. The industrialists surveyed expect a more rapid growth of production in coming months, with prices for industrial products continuing to rise.

Economic blueprint

The Sixth Economic Development Plan, the blueprint for economic activity during the period 1971-75, places its principal emphasis on continued rapid industrial development and improvement of the social and economic infrastructure. Priority is to be given to the development of the chemical, nonelectrical machinery and electronics industries, and to telecommunications. Average economic growth for the five-year period is forecast at 5.8 to 6 percent annually.

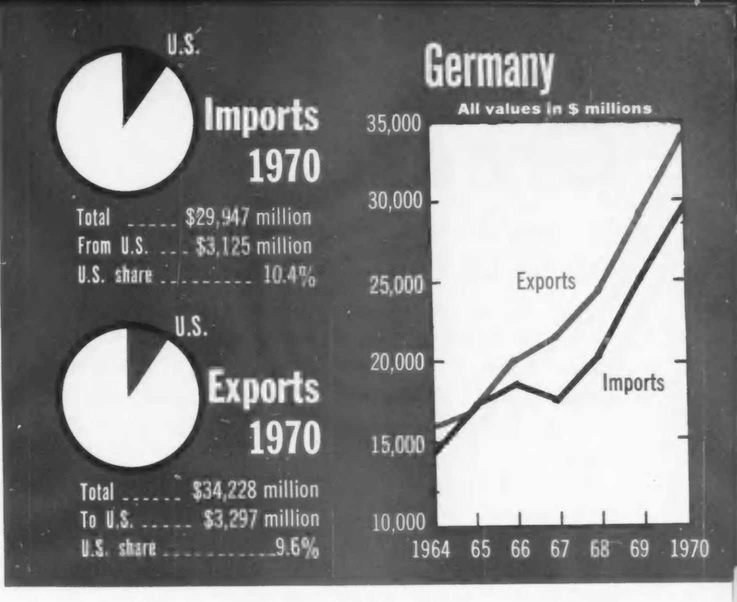
Products with particularly favorable prospects for increasing sales to France include a wide range of high-technology items such as packaging and materials handling equipment; electronic systems, components and test instruments; pollution measuring and control equipment; equipment for the telecommunications, chemicals and plastics industries; measuring and control instruments; automotive diagnostic and repair equipment; electronic gear and instrumentation for merchant ships; and hotel and restaurant equipment. In addition, a wide range of U.S. consumer goods, including toys and games, cosmetics, some clothing items, camping and outdoor equipment, power-operated hand tools, and certain food products sell well. With both wages and unit labor costs rising, and with skilled labor in short supply, interest in labor-saving machinery will continue to run high.

Commerce's Paris Trade Center holds approximately eight specialized one-week shows featuring technologically-advanced U.S. goods each year. In addition, the United States participates in a number of important French trade fairs and exhibitions.

FRANCE'S CHIEF IMPORTS FROM U.S.: nonelectric machinery; electric machinery; aircraft and parts; optical, photographic, precision and similar apparatus; organic chemicals; iron and steel. FRANCE'S CHIEF EXPORTS TO U.S.: iron and steel, beverages, nonelectric machinery, chemicals, motor vehicles, tires and tubes.

Germany

Purchases From U.S. To Rise, But At Reduced Rate; Slowdown Continuing



Continued growth in Germany's imports appears certain in 1971, but at a much slower pace than in recent years, according to Maurice Kogon of Commerce's German Desk. Imports from the United States should also increase and, moreover, at a faster rate than overall imports, producing a further improvement in the U.S. market share.

Germany's dramatic import surge in the past four years, averaging 16 percent annually, is due largely to the sustained economic boom the country has experienced since the 1966/67 recession. Not only were imports stimulated by the high level of industrial and consumer demand during this period, but also by the 9 percent German revaluation in October 1969 and the sharp 10 percent rise in domestic prices since 1969. These latter developments greatly enhanced the price competitiveness of imported vis-a-vis domestically produced goods.

Readjustment phase

By 1970, however, there were already signs that the accelerated German economic growth of the late 1960's was abating. Indications so far this year reinforce this view, with most observers now feeling that the economy has entered a readjustment phase. They expect, in particular, a continuing cost-profit squeeze in the industrial sector; gradually slowing growth in real industrial demand; and little or no further increase in already-high production levels.

Under these circumstances, there would tend to be much less incentive for new investment in plant and equipment. Conceivably, there could even be an actual decline in investment during the latter half of this year, although this is not yet evident. To some extent, the anticipated slowdown in the industrial sector will be offset by continuing strong growth in government and private consumption. Expected this year, for example, are an 11-12 percent increase in public sector investment; sizable public sector pay raises; and substantial wage boosts in the private sector, possibly as much as 12-13 percent this year. Nevertheless, the prospects are that real GNP growth in 1971 will not exceed 3.5 percent, compared with 4.7 percent and 8.1 percent, respectively, in 1970 and 1969.

This relative economic slowdown is bound to result, sooner or later, in reduced import demand, particularly for industrial raw materials and equipment. Preliminary indications are that total imports will continue to increase this year, but at a rate well under the gains of 22 percent and 12 percent, respectively, in 1969 and 1970. This lower projection for 1971 import growth is notwithstanding the boost to imports likely to result from the May 10 action of the Government to float the Mark, (temporarily at least a de facto revaluation) and the expiration on June 30 of the 10 percent income tax surcharge.

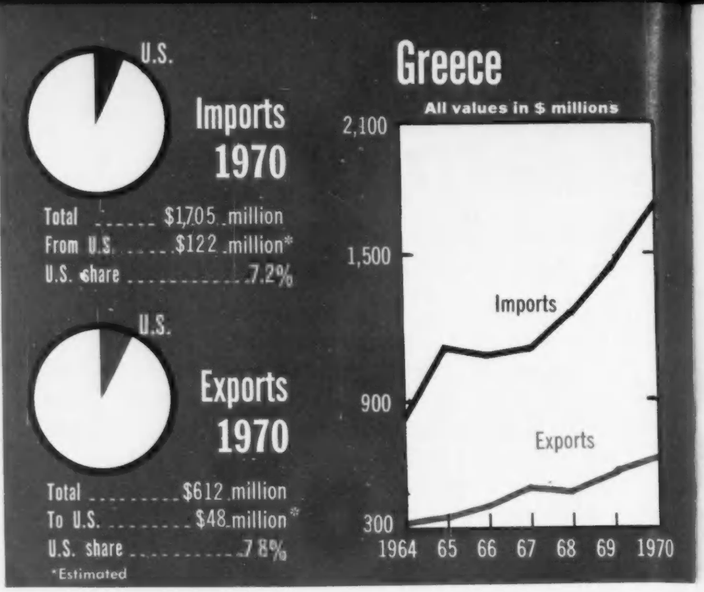
GERMANY'S CHIEF IMPORTS FROM U.S.: electric machinery, edible fats and oils, aircraft, office machines, chemicals, plastics. GERMANY'S CHIEF EXPORTS TO U.S.: motor vehicles, electric machinery, textile and leather machinery, optical and precision instruments, machine tools, paper and printing machinery.

First quarter 1971 data actually show total imports, at $8,055 million, 14.5 percent higher than the corresponding 1970 level, but this pace is not likely to be sustained. Imports from the United States fared even better, up 28.6 percent in the first quarter this year to $957 million. This was also the pattern last year, when total imports rose by a substantial 12 percent over 1969, but imports from the United States increased by an even greater 18 percent. With German exports to the United States totaling $870 million by the end of March 1971, the United States recorded an $87 million surplus in first quarter bilateral trade, compared with an overall U.S. surplus of $172 million for the whole of 1970.

Even though the rate of investment is slowing down, there will continue to be excellent opportunities for U.S. sales of labor-saving, cost-cutting machinery and equipment, and for specialized industrial items in which the United States enjoys technological advantages. Best prospects include advanced assembly machinery, measuring and control apparatus, computers and electrical controls. Some of these items will be highlighted at upcoming Frankfurt U.S. Trade Center events.

Greece

Economy Continues To Expand; Volume Of Trade Should Grow



The volume of Greece's foreign trade is again expected to grow as the economy should maintain a growth rate of 7.5 percent through 1971. Imports will probably increase about 14 percent, and exports and invisible receipts should also exceed their 1970 levels.

Mara Yachnin, of Commerce's Greece Desk, states that imports should continue to rise due to the expansionary policies of the Greek Government. Greece is largely dependent upon the importation of foreign capital goods and raw materials necessary for industrial growth, and a growth in real GNP of over 7 percent should stimulate the continued rise in imports. Exports are anticipated to rise by almost 18 percent to $722 million, mostly as a result of expected increases in exports of industrial and handicraft products and foodstuffs and beverages.

According to plan

Gross national product at factor cost amounted to $7.9 billion in 1970 in current prices and grew over 7.5 percent in real terms in accordance with the growth rate projected in the Economic Development Plan. It is estimated that a growth rate between 7.5 percent and 8.5 percent will be maintained, leading to a GNP of $8.8 billion for 1971.

The business climate remains favorable, and the Greek Government continues to encourage new investment.

The latest Greek statistics show that during January through August 1970 U.S. exports totalled $71.4 million compared with $109.5 million for the similar period in 1969. Accordingly, the U.S. market share during that period was 7.2 percent, a drop from the 11.8 percent during the corresponding period of 1969. U.S. figures show a decline from $255 million in all of 1969 to $203 million in all of 1970. This decrease resulted mainly from reduced shipments of aircraft and a decrease in "special category" items. Excluding these two categories, U.S. exports rose 24 percent.

It is projected that Greek imports will reach $1.9 billion in 1971; in order to maintain a share of at least 8.9 percent, vigorous sales efforts by U.S. exporters will be needed to offset several factors. U.S. traders are faced with problems of competitive financing, the continuing reduction in tariff rates for EEC projects in conjunction with Greece's Association Agreement with the EEC, and an increasing emphasis on "Buy Greek." While Greek Government procurement policies in recent years have tended to favor purchasing from those countries with which Greece has bilateral payments agreements, the portion of total procurement open to U.S. firms through international competitive bidding has been increased for 1971.

U.S. exporters can benefit from good sales prospects in the fields of agricultural machinery and irrigation equipment, materials handling equipment, food processing equipment, packaging machinery, poultry and livestock equipment, hotel and restaurant goods, air-conditioning and refrigeration equipment, computer ware, and aircraft and aviation equipment. Prospects also appear favorable for sales of engineering and management consulting services by U.S. firms and for equipment associated with petrochemicals and metallurgy.

GREECE'S CHIEF IMPORTS FROM U.S.: corn, iron and steel, telecommunications apparatus, agricultural machinery, furskins, power generating machinery. GREECE'S CHIEF EXPORTS TO U.S.: tobacco, iron, vegetables, processed furskins, footwear, alcoholic beverages.

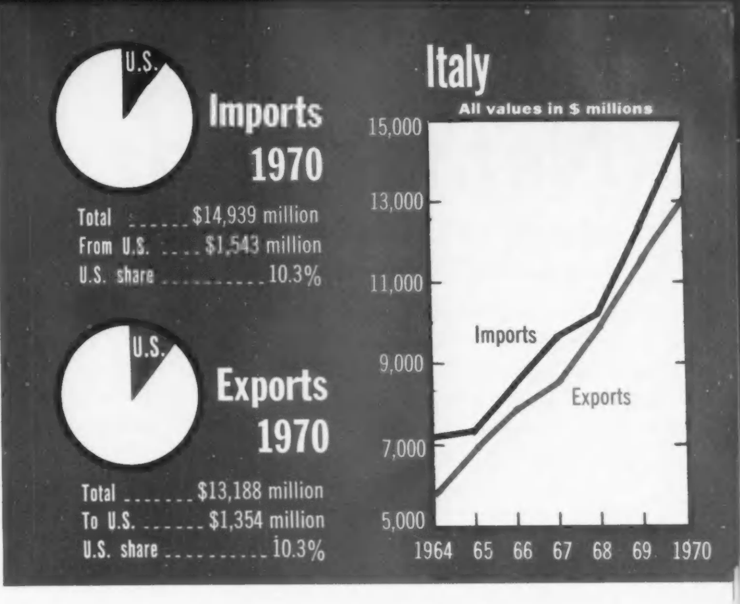
Trade imbalance

Historically, Greece has faced chronic trade deficits which are normally covered by emigrant remittances, receipts from shipping and tourism, and an inflow of capital including supplier credits. In 1970 $.415 billion of the $1.093 billion trade deficit was covered by exports and invisible receipts with capital inflow substantially offsetting the balance.

U.S. companies supplying goods to the tourist industry will have an opportunity to introduce their products to the Greek market through a catalog show organized by the Commerce Department at the 1971 Thessaloniki International Trade Fair, which will be held Aug. 29 through Sept. 19. Firms interested in participating should write BIC/OITP, Code 918, U.S. Department of Commerce, Washington D.C. 20230.

Italy

Short-Term Outlook Uncertain; Normal Growth Could Resume By Year's End



U.S. exports to Italy in 1971 are likely to increase by 5 to 6 percent as compared to 8.8 percent last year, as total Italian imports are projected to rise about 9 percent this year, according to Richard Humbert, Commerce's Desk Officer for Italy.

Labor unrest and political uncertainty have resulted in a considerable slowdown of the economy. Industrial production has been stagnating since last fall and, at the end of February was 1.2 percent above the same month last year. While official estimates anticipate a 4.5 to 5 percent real growth in GNP, so far the business community seems to be taking a "wait-and-see" attitude. As a result investment is well below what is needed to provide renewed impetus to the economy. According to recent projections by the EEC Commission, private consumer expenditures are expected to rise 6½ percent this year, while investment in plant and equipment may rise only 3 percent over last year.

Record U.S. sales

Although the real GNP rose 5.1 percent in 1970 (5.9 percent in 1969), industry's inability to meet demand—because of strikes—and increased consumer incomes boosted Italy's total imports 20 percent to nearly $15 billion. Imports from the United States rose 8.8 percent to an all-time high of $1,543 million, accounting for 10.3 percent of the total, as opposed to $1,411 million and 11.3 percent in 1969. The slightly smaller share of the market can be attributed largely to the 27 percent jump in Italy's imports from its EEC partners. These reached $6.1 billion and accounted for 41 percent of total imports, as opposed to $4.8 billion and 38.5 percent in 1969.

Although inflation is affecting Italy as in the other industrialized countries—retail prices in 1970 were 4.9 percent above the 1969 average, while the wholesale index rose 7.2 percent—Italian goods are still very competitive in world markets and total exports are expected to increase at least 6½ percent this year. Last year exports rose 12.6 percent to $13.2 billion, of which 10.3 percent or $1,354 million were exported to the United States, a 9.9 percent increase over 1969.

The $1.7 billion trade deficit was offset largely by foreign investments, emigrant remittances, earnings from tourism and large borrowings on the Eurodollar market, and the balance of payments registered a $356 million surplus. Italy's reserves of gold and foreign exchange remain high, totaling $6.1 billion at the end of April.

Excellent market

Department of Commerce Market Surveys reveal there is an excellent market in Italy for scientific and technical instruments, certain types of food processing and packaging machinery, as well as EDP machinery and related equipment. The expanding use of mini, multi-use EDP equipment in banks, research laboratories, universities and government agencies shows an encouraging market potential for these high-technology items. Chemicals, aircraft, parts and related support equipment, coal, iron and steel, pulp and paper products will also continue to be in demand.

ITALY'S CHIEF IMPORTS FROM U.S.: aircraft, coal, rubber, corn, copper, pulp, waste paper. ITALY'S CHIEF EXPORTS TO U.S.: footwear, textiles and clothing, motor vehicles, residual fuel oil, office machines, alcoholic beverages.

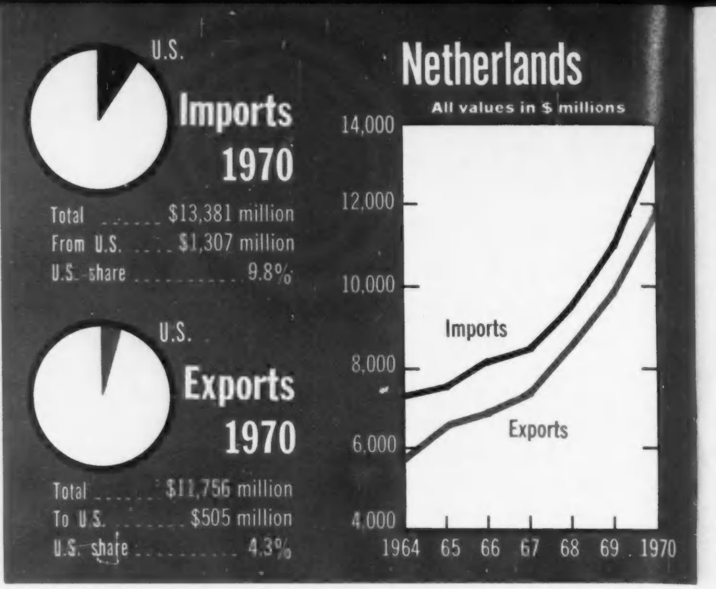
In addition, the Government's determination to spur development of the South should also offer U.S. exporters excellent long-term opportunities to sell heavy machinery, materials handling equipment and control instrumentation. A variety of major investment projects are currently under way or planned in the steel, petroleum, petro-chemical, mining, auto, rubber, electronics and office machinery fields, and will require substantial imports.

Trade Center shows

As the focal point of the U.S. trade expansion program in Italy, the U.S. Trade Center in Milan will stage exhibits featuring the following commodities: September, measuring and test equipment for the electronics industry; October, business automation equipment; November, fluid power equipment. Information on these shows is available from the Commercial Exhibitions Division, BIC-944, U.S. Department of Commerce, Washington, D.C. 20230; telephone: 202-967-2461.

Netherlands

Inflation Still A Major Problem; Post-Boom Trade Rise To Be Lower



The Netherlands' economic boom peaked in 1970, setting new records in a number of sectors. Trade, which made very strong gains, will continue to grow in 1971 but at significantly more modest rates.

According to Robert H. Walker, Commerce's Netherlands Desk Officer, the inflationary spiral continues to be of key concern. Although production, investment, productivity, disposable income and consumer spending in 1970 increased in real terms more than in 1969, the pressure of increasing costs and of narrowing profits has built up. Unemployment is at a basic minimum and job openings well exceed the number of registered unemployed. Utilization of productive capacity is high and many industries have little or no excess capacity.

The gross national product in 1970 reached an estimated $31.5 billion, up 5.8 percent in real terms from 1969. In 1971 it is forecast at slightly over $35 billion, 4.1 percent above 1971.

Anti-inflation package

The upward price trend prompted institution of a firm anti-inflationary package which included: price controls to be kept in effect until late 1971 with a policy review set for August; a wage pause gained by extending contracts due to expire Dec. 31, 1970, for six months; limiting consumer credit; and increases in several taxes, including the TVA.

Investment was buoyed by the continuing strong influx of foreign capital, particularly dollars. The high interest rates, employed as an anti-inflationary tool, attracted foreign short-term funds. To curtail this inflow, the central bank interest rate was lowered in April 1971. The Dutch followed the German flotation of the mark by floating the guilder, announcing that the move was a temporary measure and that the guilder would return to the previous exchange rate. The signs of slowing in the economy indicate that the restraints are taking hold.

Dutch foreign trade boomed in 1970. Total imports jumped 21.8 percent to $13,381 million, while exports rose still higher, by 28.1 percent to $11,756 million. Despite the very great export advance, the trade deficit widened to an alarming degree by slightly more than 58 percent over the 1969 deficit, i.e., $1,625 million in 1970 against $1,028 million in 1969, and coverage of exports to imports dropped to 88 percent from 91 percent in the preceding year. Roughly two-thirds of the increase in trade imbalance may be attributed to worsening of the terms of trade.

The EEC continued to be the largest trading area for the Netherlands. Of its total imports, almost 56 percent were supplied by the Common Market, which in turn took 62 percent of Dutch exports. Germany ranked as the first trading partner of the Netherlands, followed by Belgium-Luxembourg.

NETHERLANDS' CHIEF IMPORTS FROM U.S.: grains and products, nonelectric machinery, chemicals and products, oleaginous seeds and fruits, electric machinery, nongrain fodders. NETHERLANDS' CHIEF EXPORTS TO U.S.: canned ham, iron and steel mill products, electric machinery, nonelectric machinery, food preparations, chemicals and products.

Trade with the United States benefited from the general high level of activity. Imports from this country totaled $1,307 million, 22.6 percent above 1969, while exports reached $503 million, up 12.9 percent. The greater increase of imports from the United States over total imports edged up the U.S. share of the market to 9.76 percent from 9.7 percent in 1969.

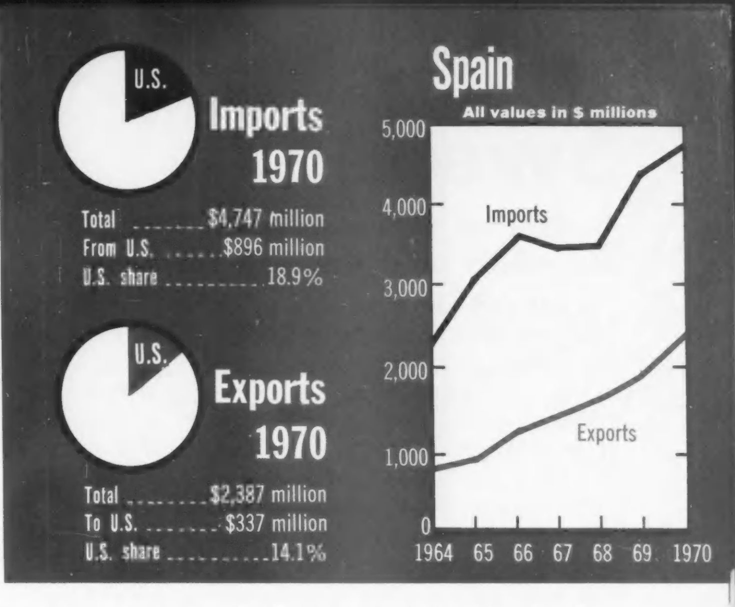
An exhibit to be sponsored by the U.S. Department of Commerce is under preparation for presentation at the EUROPORT Fair, Amsterdam, on Nov. 9-13.

Expansionary plans drafted in 1970 promise a favorable outlook for sophisticated electronics, instrumentation, food processing and packaging machinery, and equipment for environmental control, petroleum and gas exploitation, cargo handling and other marine uses, printing and graphics, consumer service industries, and construction.

Appearance of a highly successful U.S. seminar and trade mission on environmental control has stimulated the already acute Dutch awareness of the problem and laid the groundwork for future U.S. export expansion in this field.

Spain

New Growth Cycle Seen Ahead Should Result In Increased Trade



While total Spanish imports for the first four months are lagging behind the comparable period of the preceding year, the Spanish economy is expected to enter a new growth cycle shortly which should result in an increase in trade by the end of the year.

George Falk, Commerce's Desk Officer for Spain, reports that the slow start in 1971 reflects a continuation of the business recession that was noted in the second half of 1970, but which the Spanish Government hopes to shake off shortly. Optimistic forecasts are being attributed in part to a large scheduled increase in public sector expenditures, rising personal income, a high bank liquidity level, a strong expansion of exports, and a vast improvement in Spain's balance of payments situation. The Government hopes also to restore business confidence and stimulate private investment.

Although Spain succeeded in holding down its import increase to 12.2 percent and upping its exports by a healthy 25.6 percent in 1970 over 1969, it still ended the year with a $2.3 billion trade deficit. Of Spain's $4.7 billion (c.i.f.) in imports, the United States provided $896 million worth of goods and ranked as Spain's leading supplier with an 18.9 percent share of the market. Our share in 1971, however, may slip slightly as a result of an increase in Spanish industrial production, third-country competition, increased operations by U.S. affiliates abroad, and the preferential trade agreement between Spain and the Common Market.

Last year was marked by significant shifts in the composition of U.S. exports to Spain. Food products showed a 30 percent decline while energy and fuel exports, principally coal, more than tripled from 1969. During 1970 the United States also registered a 22 percent gain in exports of capital goods to Spain.

While no substantial increases in Spanish imports are expected until about the third quarter of 1971, prospects for U.S. sales over the longer-term are generally promising. The renewed economic growth expected in the second half of the year should be accompanied by strengthening of demand for imported capital equipment, raw materials, and semi-manufactures.

Future development

Spain's future development will, to a degree, be geared to its Third Economic and Social Development Plan—1972-75, the details of which will be spelled out shortly. It is believed that the Spanish Government will set the average annual GNP growth target somewhere between 6 and 7 percent as compared with the 5.5 percent goal of the Second Plan. The Spanish Government's decision to follow a course of rapid growth should also provide an expanding market for U.S. exporters. (Spain's GNP in 1970 registered $32.2 billion in current prices; real growth was estimated at 6.4 percent over 1969.)

SPAIN'S CHIEF IMPORTS FROM U.S.: soybeans, aircraft, coal, iron and steel scrap, machinery and appliances, power generating machinery. SPAIN'S CHIEF EXPORTS TO U.S.: footwear, olives, clothing, wine, petroleum products, vegetable oils.

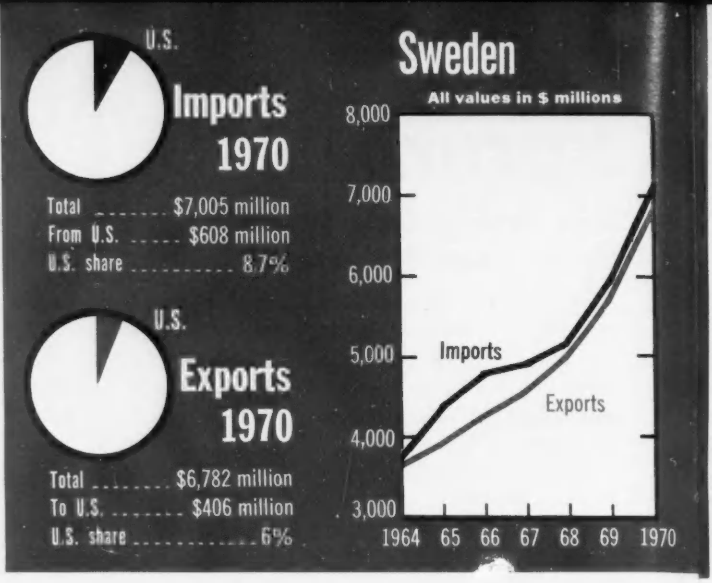
The Spanish Government, aware of the importance of foreign investment to the development of the economy, continues to encourage outside capital. In the future, however, it can be expected that the foreign investment projects for which Spain will show the greatest enthusiasm are those which provide an important base of modern technology and which are able to contribute directly to Spanish industrial development or which will help stimulate exports. Some sectors which currently appear to offer investment opportunities are atomic power generation, ship building installations, and the chemical, steel, coal and tourist industries.

Direct investment from the United States is currently estimated at over $700 million and given an expanded and growing Spanish economy, U.S. investments can be expected to grow. Similarly, Spain's ability to maintain a solid growth rate should provide the United States with a growing market and, conversely, the United States will doubtless increase its imports from Spain.

Spain and the United States have been good customers of one another over the past several years—and there should be no reason to change this pattern now!

Sweden

Government Measures Should Spur Imports Of Items U.S. Sells Best



After registering an outstanding 20 percent increase in 1970, U.S. sales to Sweden should continue expanding this year. Measures by the Swedish Government to stimulate industrial growth should provide numerous opportunities for U. S. sales development, according to Harold A. McNitt, Commerce's Desk Officer for Sweden.

The Swedish economy reached boom levels in early 1970 but slackened during the latter half of the year. Vigorous Government moves to control inflation and improve the balance of trade dampened economic activity. The measures included a major increase in the value-added-tax on January 1, tightened credit for certain sectors of the economy, and a temporary price freeze.

Sweden's gross national product (GNP) reached $31.2 billion in 1970 at current prices, a real growth of 4.8 percent. This year the GNP is expected to attain a real growth of less than 3 percent. By the same token, industrial production, which went up by 7.5 percent in 1970, is expected to increase by about 4.5 percent in 1971.

To stimulate continued strong industrial growth, the Swedish Government will offer a 10 percent corporate tax deduction for purchases of new machinery and equipment this year. The Government is also taking steps to make credit more readily available for capital equipment purchases. The Central Bank lowered the national discount rate to 6 percent on April 23, the second downward adjustment this year.

The normally peaceful Swedish labor scene was disturbed in February by a series of strikes and lockouts in the public sector, halted by temporary legislation (since expired). Prolonged collective bargaining took place this spring between Swedish industrial employers and labor organizations; the outcome of these negotiations will have important consequences for domestic wages and prices.

To dampen a rapid rise in prices last year, the Government imposed a temporary price freeze in October (since extended to October this year). The freeze has been limited mainly to consumer goods since early this year, having little if any impact on U.S. capital equipment exports. The effect of the freeze on imports of certain consumer goods has been significant however.

Impressive U.S. gain

Swedish imports from the United States made an impressive gain of 20 percent in 1970, reaching $608 million. Sweden's total imports rose by 19 percent to $7,005 million. The U.S. share thus registered a slight increase, rising from 8.6 percent in 1969 to 8.7 percent in 1970. An analysis of U.S. sales last year shows an across-the-board increase for all major commodities. The biggest gains were made in foods; transportation equipment, chiefly commercial aircraft; non-electric machinery; electrical machinery; and industrial raw materials.

SWEDEN'S CHIEF IMPORTS FROM U.S.: nonelectric machinery, miscellaneous manufactures, commercial aircraft, industrial raw materials, chemicals, electric machinery. SWEDEN'S CHIEF EXPORTS TO U.S.: autos, nonelectric machinery, steel, electric machinery, chemicals, industrial raw materials.

Because Sweden's economy is one of the world's most advanced, a premium is placed on equipment with high technology content. The key industries such as paper and pulp, machinery, automotive, chemicals, electronics, and shipbuilding require advanced machinery to remain competitive; they are experiencing extensive structural rationalization and modernization.

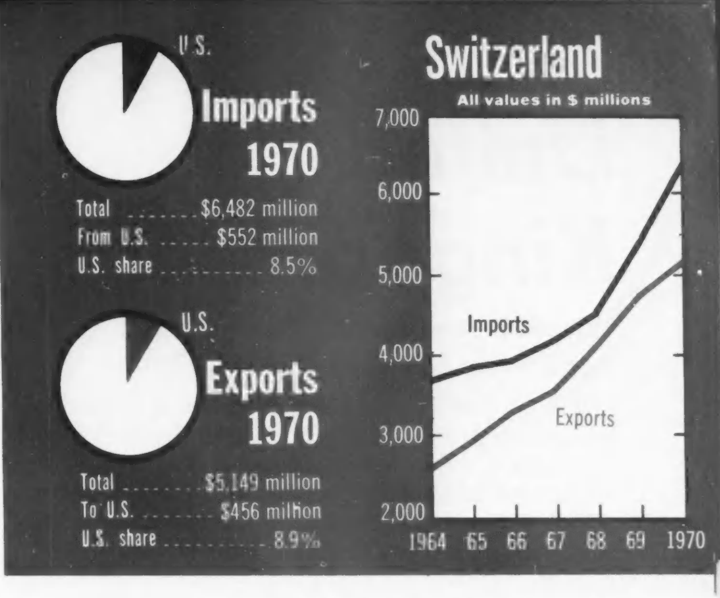
The market for high-quality consumer goods is also vigorous.

Centerpiece of the U.S. export promotion program in Sweden is the Trade Center in Stockholm, which is breaking all records this year for sales and agencies obtained.

An official forecast of general Swedish economic developments during the first half of the 70's was released late last year. This Long-Term Economic Assessment (LTA) estimates that the average annual percentage increase of the gross national product during 1970-75 will be approximately 3.8 percent (real terms), and predicts average annual increases of 6.2 percent for imports and 7.4 percent for exports.

Switzerland

Four-Year Upturn Likely To Continue But Inflation May Become Problem



The Swiss import market has demonstrated an accelerated expansion over the last four years due to increased economic activity in conjunction with a severe labor shortage. This trend will continue through 1971, according to Gail Flood and Carol Shiskin of Commerce's Swiss Desk.

Fed by heightened demand for Swiss exports, Switzerland has continued to enjoy an economic boom since 1967. The tight labor market necessitated investment in highly technological, labor-saving equipment, resulting in several years of rapidly growing capital equipment imports. Reflecting previous years' investments and momentum, imports will continue to increase this year, although the economic boom shows signs of tapering off. Real growth in GNP as well as the growth rates in industrial production and investments decelerated slightly in 1970.

Economic pressures

The continued expansion of the Swiss economy has been accompanied by considerable pressure on resources. While GNP increased 9.1 percent in 1970, reaching $20.5 billion, real growth registered only a 4.3 percent increase. Wage levels rose by 4.5 percent in 1970 while the retail price index went up 5.5 percent and continues its upward pace in 1971. Thus, nominal GNP growth will probably reach 8-9 percent during 1971, although inflation probably will account for more than half of this.

Only mild measures to combat inflation have been proposed for this year. The Swiss Government continues to rely primarily on gentlemen's agreements between the National Bank and the commercial banks to restrict credit. The Swiss hope that the recent 7 percent revaluation of the Swiss franc will help dampen inflationary pressures.

The tight Swiss labor market will find no relief in 1971. An April decree, in effect, continued the 1970 quotas on foreign labor.

The Swiss economic expansion resulted in record trade levels in 1970. Total exports reached $5,149 million, a 10.6 percent rise from 1969; total imports rose to $6,482 million, up 22.6 percent. Receipts from tourists and other invisibles offset the trade deficit.

Swiss exports to the United States grew 4.2 percent to $456 million, while Swiss imports from the U.S. rose 23.2 percent to $551.6 million. The U.S. share of the import market was 8.5 percent, and the U.S. bought 8.9 percent of Swiss exports.

The Swiss revaluation is expected to have only a moderate effect on the level of U.S. exports, given the composition of Swiss purchases from this country; i.e. predominantly high-technology equipment and instruments. Any impact would tend to favor U.S. interests.

SWITZERLAND'S CHIEF IMPORTS FROM U.S.: aircraft and parts, road vehicles and parts, organic chemicals, business machines including EDP, electric and electronic instruments, electronic tubes and components. SWITZERLAND'S CHIEF EXPORTS TO U.S.: watches, nonelectrical machinery, chemicals and dyestuffs, instruments and apparatus, electric machinery, foodstuffs.

Thus, prospects continue bright for sales of U.S. capital goods, specifically food packaging and processing equipment, materials handling equipment, electronic components and data processing equipment, advanced training aids, business machines, automatic transfer equipment, and technical measuring and analyzing equipment. A recent boost in construction activity has opened a good market for heavy-duty bulldozers, large excavator shovels, scrapers, graders, trenchers, and similar items. Heightened Swiss concern with pollution will stimulate purchases of equipment for treating waste and for water purification.

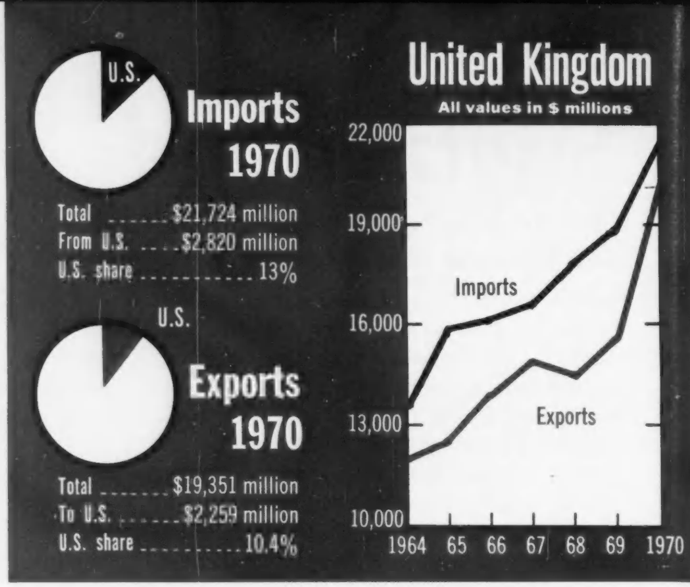
The Department of Commerce recently participated in Pro-Aqua Pro-Vita, an international trade fair for pollution control equipment held in Basel.

For the last several years, total imports of consumer items into Switzerland other than food showed a marked increase in response to expanding consumption. The consumer items most desired are those of a leisure time nature such as do-it-yourself and hardware items, and outdoor items, toiletries and men's and women's apparel.

United Kingdom

Forecasts Are Revised Downward; Good Prospects Seen For U.S. Trade

U.S. exports to the United Kingdom are expected to increase by about 6.5 percent over the 1970 level. Many types of advanced industrial machinery will continue to make up the largest part of this increase. A high rate of inflation persists and can be expected to remain an important factor influencing the level of imports.



According to Paul A. Norloff, Commerce's Desk Officer for the United Kingdom, most observers are currently making downward revisions in forecasts made at the beginning of this year, partly on the basis of a drop in output for the first quarter of 1971, and partly to reflect the slow growth of exports. The gross domestic product is now expected to remain stable or possibly decline slightly from the 1970 level as gross fixed investment remains sluggish, exports increase slowly and imports continue to expand substantially. Consumer expenditures remain an expansive factor, based solidly on an increase in real disposable income. The rate of inflation, a major factor in import expansion, is presently expected to slow somewhat by late 1971. Because imports are expected to rise by more than 6 percent during 1971, while exports are projected to move upward by only about 4.5 percent, forecasts made earlier for the balance of payments surplus have been reduced to about $700 million.

The gross national product in 1970 actually rose by only 1½ to 2 percent, with growth restrained by measures aimed at preserving the balance of payments surplus. Total personal income went up by 10½ percent, with wages and salaries alone moving upward by 12 percent. Taxes, national insurance premiums and price increases reduced the increase in real personal disposable income to 3 percent.

During 1970, British imports increased by nearly 9 percent to over $21.7 billion. This compares with a 5 percent increase in 1969. Imports were above what was generally expected when given the sluggish performance of the British economy.

Significant increases

Significant increases occurred in imports of machinery, which rose by 27 percent to $2,616 million. Other major increases included crude materials which increased 7 percent to $3,031 million. This rise was mostly accounted for by substantial imports of pulp and waste paper, metalliferous ores and metal scrap, and lumber. Imports of chemicals rose 17 percent to $1,303 million, iron and steel 28 percent to $534 million, and newsprint, paper and board, 14 percent to $555 million. It is estimated that imports of consumer goods increased by about 19 percent to $1,284 million.

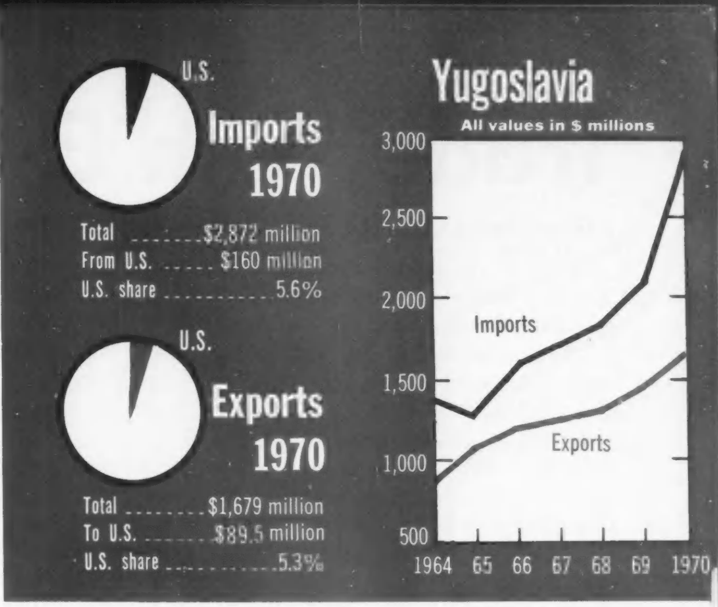
U.K.'S CHIEF IMPORTS FROM U.S.: cereals, tobacco, textile fibers, chemicals, machinery, transport equipment, scientific instruments, nonferrous metals. U.K.'S CHIEF EXPORTS TO U.S.: scotch whisky, textiles, iron and steel products, machinery and transport equipment.

U.K. imports from the United States in 1970 increased by only 3.9 percent to $2,820 million. This represented a decline in the U.S. share of the British import market from 13.6 percent in 1969 to 13 percent last year. A factor which contributed significantly to this drop was the decline of 63 percent in imports of U.S. aircraft to $167 million. Large increases occurred, however, in imports of cereals, chemicals, iron and steel, nonelectrical machinery, electrical machinery, and professional and scientific apparatus.

During the coming year, U.S. trade promotion efforts will include Trade Center exhibits on electrical connectors and electro-mechanical components, Sept. 13-17; research and chemical laboratory equipment, Nov. 1-5; and environmental test equipment, Dec. 6-10. Commerce will participate in the London International Printing Exhibition July 13-24 and in the London Instrumentation, Electronics, Automation Exhibition in May 1972. Commerce intends to send a Specialized Trade Mission in Micro-Circuits Production Equipment to London, Glasgow and Manchester, Nov. 1-13. Companies interested should call Paul Mayer, Project Officer, collect on 202-967-2232.

Yugoslavia

Import Market Continues Expansion, Spurred By Industrial Modernization



Yugoslavia will continue to offer an expanding market, especially for sales of capital equipment, in view of the drive for facility modernization and further diversification in nearly all industrial sectors, although expected major alterations of the Yugoslav foreign trade and exchange regimes impose temporarily an element of market uncertainty.

The sweeping stabilization program introduced beginning in November 1970 has thus far been largely ineffective in dampening inflation and slowing import levels due to the impact of the anticipated devaluation, according to Gail Flood of Commerce's Yugoslavia Desk.

Measures enacted include: wage and price freezes, limits on money supply, tightening of investment and consumer credit, and reducing Government spending. The dinar was devalued by 20 percent in late January.

GNP gains

Yugoslavia's GNP in 1970 reached $14,016 million, representing an 18.1 percent nominal and 6.7 percent real growth rate as compared to 1969. Industrial prices and the cost of living rose by 9 percent and 10 percent respectively, while wages grew by 18 percent. Yugoslav authorities hope to hold 1971 nominal GNP growth to around 7 percent, although a 12.5 percent increase in industrial production and a 13.5 percent rise in the cost of living in the first four months of 1971 compared to the like period of 1970 indicates that the nominal GNP growth rate may be considerably higher.

Yugoslavia's record trade deficit in 1970 totaled $1.2 billion, up 81 percent over 1969. Although exports totaled $1.7 billion, a 14 percent increase, imports increased 35 percent to $2.9 billion. As is usual, virtually the entire deficit was run with the convertible currency area, which now accounts for three-fourths of Yugoslavia's total trade. U.S. exports to Yugoslavia grew by 73 percent in 1970, reaching $160 million and accounting for 5.5 percent of the Yugoslav import market.

Despite the numerous measures to correct the balance of trade deficit, Yugoslavia's imports registered a 37 percent increase and exports showed a 4 percent decline in the first four months of 1971 as compared to January-April 1970. These adverse trends, along with the current reorganization of many political and economic institutions, have delayed the long-expected Yugoslav legislation to revise the foreign trade regime. It seems certain that trade regulations will be liberalized, in line with Yugoslavia's aim for dinar convertibility, but the timing and substance of changes are yet unclear.

Yugoslavia's Five-Year Development Plan also has not been formulated, but completion is expected by the end of the year. It has been indicated that industrial modernization in general with particular emphasis on expansion of export-oriented industries will continue to be of high priority.

American exporters will find good opportunities for sales of equipment in the tourism, mining, food processing, metalworking, wood and furniture and electronics industries. The stress on increased agricultural efficiency provides a good market for U.S. agricultural machinery of all types. Large investments in road construction and telecommunication modernization points to excellent sales prospects in these areas.

The necessity for the Yugoslavs to bring the current inflation under control, however, undoubtedly means an extremely limited availability of convertible currency funds for some time. Thus, the level of U.S. sales will be determined primarily by the ability and willingness of U.S. firms to offer sufficiently attractive financial and credit terms to meet competition.

Yugoslav companies place major importance on encouraging foreign private investment. Three amendments liberalizing the Yugoslav investment law are currently in the legislative process with early passage likely.

YUGOSLAVIA'S CHIEF IMPORTS FROM U.S.: electronic computers and office machinery, oil seed meal, construction and mining machinery, cotton, chemicals, machinery handling equipment. YUGOSLAVIA'S CHIEF EXPORTS TO U.S.: furniture, nonferrous metals, electrolytic copper, lead, clothing and footwear, canned meat.

Trade With E. Europe Rises

Export Sales Growth Seen Continuing; Controls Eased On Commerce With Mainland China

Exports of U.S. products to Eastern Europe including the Soviet Union could total $450 million in 1971, according to estimates using four-month (January-April) U.S. export statistics. If the current rate of increase holds through 1971, it will mark the second year in a row that U.S. exports have increased by $100 million, Roger D. Severance, of Commerce's Eastern Europe Division points out. U.S. imports from the area in 1971 probably will remain at the 1969-70 level of $225 million.

The increase in sales reflects a greater effort by U.S. businessmen to expand exports to this area as well as a conscious effort on the part of many of the countries to purchase more goods—and technology—from the United States.

Several recent actions by some countries in the area are indicative of the desire for more normal commercial relations with the West. A $25 million ten-year bond issue has been floated by the Hungarian National Bank on the international money market—the first time by a Communist country. The Romanian Government recently approved legislation which would allow foreign ownership of equity in new joint ventures with the Government. The new Polish Government may increase imports from the West to satisfy consumer demand.

In addition, U.S. export controls continue to be liberalized in accordance with the Export Administration Act of 1969, with most of the changes affecting shipments to Eastern Europe. Principal decontrolled items were certain types of pulp, petroleum products, chemicals, statistical machines, construction and transport equipment.

On June 10, in an action that could lead to substantial shipments of wheat, flour and other grains to Eastern Europe and the Soviet Union, the President suspended the requirement that 50 percent of the shipment of these commodities be on U.S. flag vessels.

While U.S. exports to the area are increasing, they still represent less than one percent of our total exports and only 4 percent of the total imports of Eastern Europe from the West. In 1969, imports of the area from non-socialist countries totaled $8.5 billion—an indication that considerable potential exists for U.S. exporters.

U.S. Trade With Eastern Europe

Country	Exports including re-exports		General imports	
	1969	1970	1969	1970
	Million dollars		Million dollars	
Total	249.3	353.3	195.5	225.8
USSR	105.5	118.4	51.5	72.2
Other Eastern Europe	143.8	234.9	144.0	153.6
Bulgaria	4.6	15.3	1.6	2.4
Czechoslovakia	14.4	22.5	24.1	23.9
Germany, Soviet Zone	32.4	32.5	8.0	9.4
Hungary	7.3	28.3	4.1	6.2
Poland	52.7	69.9	97.8	97.9
Romania	32.4	66.4	8.0	13.4

Source: U.S. Bureau of the Census.

An expansion of U.S. trade promotion activities is planned in the area in the next six months. The Department of Commerce will have Business Development Offices and/or catalog shows at international fairs in Brno, Bucharest, Katowice, Budapest, and Warsaw in the fall.

Business Development Offices also are planned for fall exhibitions in Ljubljana and Vienna—both of which are expected to attract buyers from Eastern Europe.

An instrumentation trade mission is scheduled to visit Poland, Hungary, and Czechoslovakia in November.

Mainland China

The President on June 10 announced broad steps in the termination of U.S. controls on a large list of non-strategic U.S. exports to the People's Republic of China. Many items may be freely sold to China under open general export license without the need to obtain permission for each specific transaction. Items not on the general license list may be considered for specific licensing consistent with the requirements of U.S. national security.

Virtually all imports from China can now enter the United States freely under general license.

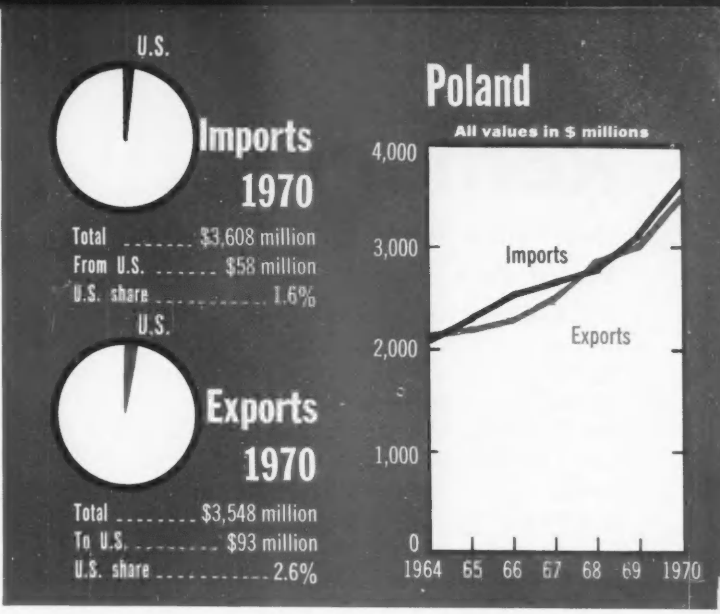
With the June 10 announcement, direct trade between the United States and Mainland China is permitted for the first time since 1951. In 1969 total Chinese exports were estimated at $2.1 billion and imports, $1.8 billion. Principal Chinese imports were wheat, fertilizers, iron and steel, and nonferrous metals.

Further information on trading with Mainland China was presented in the May 3, June 14, and June 28 issues of *Commerce Today*.

Poland

Trade Prospects Seen Brighter, Economic Priorities Being Modified

U.S. exports to Poland in 1971 may reach about $80 million, as compared to $70 million last year. This estimate is based largely on the changed focus of Polish economic priorities which may open up increased export opportunities later this year. The immediate outlook is obscured by a holding action on Polish imports of industrial equipment pending the current revision of planned goals for the immediate future, according to Leon Lewins, the Commerce Department's Desk Officer for Poland.



There are indications that Polish purchases of U.S. agricultural products this year will run significantly higher than in 1970. In addition to the substantial purchases of soybeans and soybean products for cash, Poland is expected to make full use of the current Commodity Credit Corporation credit line ($37.5 million) to purchase agricultural products.

Total U.S. shipments to Poland in the first four months amounted to about $26.3 million, as compared to about $31.5 million during the comparable period last year. The placement of orders this year was probably delayed because of the recent change in Poland's leadership.

The new leadership came into power in December 1970 as a result of the explosion in cities on the Baltic coast caused by workers' discontent. It was precipitated by market supply shortages, an ill-timed increase in retail prices, and deterioration in living conditions of the population's lowest income groups. Pressures generated by fighting between the workers and security forces toppled the Gomulka leadership and established a new Government headed by Edward Gierek.

The immediate problem of the new Government was to alleviate the economic situation, reshape priorities, and secure popular support. Currently, Polish purchases abroad, especially of industrial equipment, are stalled because the five-year plan (1971-75) is being revised. Economic goals for 1972-75 are in the process of revision and it is not known how they will finally shape up. The general thrust, however, is to satisfy consumer demands more adequately than heretofore. This will entail more housing and services, increased food supplies, especially meat, and more consumer goods, including household appliances, radios, TV sets, and even expanding production of small cars. Such expansion should provide more business opportunities for U.S. firms.

Equipment needs

Polish food supplies have been seriously impaired by two successive poor harvests, and supplies from domestic sources, especially meat, have to be augmented by imports of cheaper cuts. Poland is interested in buying three or four complete meat-processing plants and some modern equipment for production of frozen foods and for processing fruits and vegetables. Poland also seeks to obtain licenses and to purchase equipment for production of enzymes.

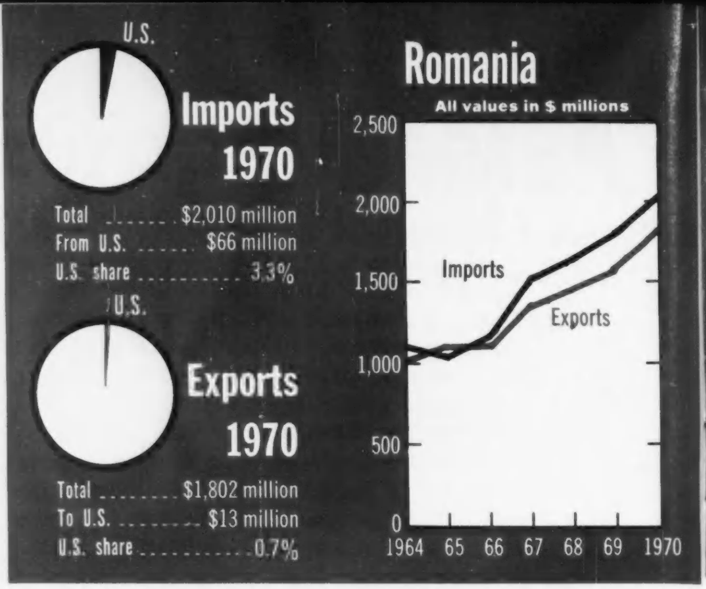
Poland is also interested in buying electronic equipment to develop production of appliances for civilian use. Although much of the electronic equipment that Poland needs can be obtained elsewhere, it is based largely on U.S. technology. Poland is, therefore, interested in dealing directly with the U.S. companies that originated the equipment.

In the automotive field, there are prospects that within the next few years Poland will begin mass production of a small "peoples' car." In the meantime, production of the Polish Fiat is being expanded rapidly. An output of 50,000 units has been planned for this year; by 1975 such production is scheduled to reach 100,000 units per year. In this connection, Poland is interested in building a road network, especially an arterial road running from the ports in the Baltic coast area. Construction of such a road is under consideration and there is a need for road construction machinery.

POLAND'S CHIEF IMPORTS FROM U.S.: soybeans and products, corn, cotton, cottonseed oil, tallow, tungsten and concentrates. POLAND'S CHIEF EXPORTS TO U.S.: canned hams and pork, frozen cod blocks, fabrics of vegetable textile fibers, iron and steel shapes and products, clothing and footwear, baskets and products of plaiting material.

Romania

This Year's Trade With U.S. Setting Record Pace; Capital Goods Sought



U.S.-Romanian trade, which has grown from $2.5 million in 1960 to $79.8 million in 1970, is setting another annual record pace in 1971. Christopher E. Stowell, the Commerce Department's Desk Officer for Romania, reports that based on analysis of the first four months' figures, this year's two-way trade should exceed $90 million—with U.S. exports to Romania close to $80 million.

This annual growth rate of 14 percent for 1971 reflects the activities of the Romanians in promoting trade with the United States, the current U.S. Congressional and Administration focus on Romania, and continued growth of the Romanian economy.

The Romanian Government has hired a public relations firm in the United States to bring export, import, and investment opportunities to the attention of U.S. businessmen. Early in 1970, Romania passed a law which allows firms to establish permanent trade representatives in Romania.

The U.S. Government's focus on Romania is reflected by President Nixon's recommendation in his Feb. 25 State of the World message that Romania receive U.S. government investment guarantees. There has been a steady flow of two-way visits of high-level U.S. and Romanian officials who have encouraged the broadening of U.S.-Romanian relations. Several bills, which grant the President authority to offer government financing and favorable U.S. tariff rates to Eastern Europe, are pending in Congress. One bill exclusively offers Romania most-favored-nation tariff treatment. Prospects are good that Romania will receive Export-Import Bank financing this year, and this should improve the potential for export of capital equipment.

Romania's economic growth will continue to stimulate its trade relations with the United States in 1971, although the economy will be growing less rapidly. Industrial production has a planned growth rate of 9 percent during the year, compared with 12 percent in 1970. The machine building industry makes the greatest single contribution to foreign trade.

Agriculture, which suffered a decline in output because of flood damage and poor weather, will be a near-term drain on investment resources which could be used to purchase imports.

Import priorities

Over the 1971-75 period, Romania will build 1,100 new industrial facilities, including 100 electric power stations, 70 iron and steel works, 170 machine building facilities, 180 chemical plants, and 200 food-processing installations.

U.S. firms should anticipate a brisk demand for sophisticated machinery, electronic components, and instrumentation related to these fields. Romanian investment plans also call for a rapid expansion of the tourist industry, which should provide opportunities in heating and cooling equipment and certain low-transportation-cost building materials.

ROMANIA'S CHIEF IMPORTS FROM U.S.: Coke, cotton, iron and steel plates, cattle hides, wheat, nonelectric machinery. ROMANIA'S CHIEF EXPORTS TO U.S.: residual fuel oils, organic chemicals, clothing, footwear, furniture, cheese.

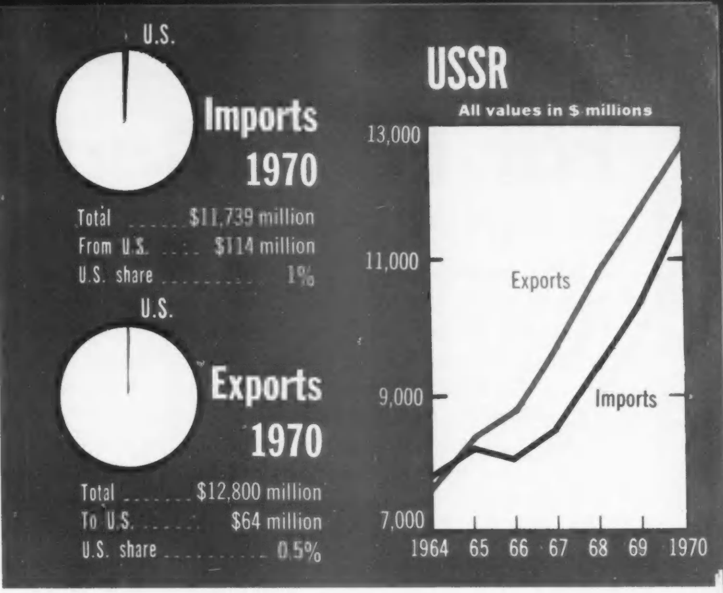
U.S. firms can expect continued Romanian demand to meet shortages of cattle hides, cotton, coke and coal, and woodpulp. Sales of such commodities as wheat and barley, however, should taper off as Romanian production recovers from the 1970 flood damage and poor weather.

The country's industrialization will increasingly require long-term credit financing and foreign capital in addition to merely importing goods from abroad. A 1970 balance-of-trade deficit of more than $100 million was registered with the West, of which $53 million was with the United States.

Romania has outstanding almost $1 billion of Western bank credits —equivalent to 21 months of its hard currency export earnings—but aims to keep this debt at manageable levels by substituting foreign debt with foreign equity.

In March, the Council of State passed a law allowing up to 49 percent foreign ownership of equity in joint Romanian enterprises, with guaranteed hard currency repatriation of profits. Under this law, Romanian enterprises will be seeking Western capital goods, technology, and management expertise in the form of equity investment rather than licensing or straight imports.

USSR



U.S. Exports Accelerate Markedly, Seen Approaching $200 Million This Year

The pace of U.S. exports to the Soviet Union has accelerated markedly this year. U.S. sales—running at an annual rate of $160 million thus far—are expected to approach the $200 million mark in 1971. This would exceed the previous postwar peak of 1964 when the USSR bought $110 million worth of U.S. wheat.

Increased sales of machinery and equipment, particularly of tractors, mechanical handling equipment, and construction and mining machinery were mainly responsible for the upturn, according to the Commerce Department's USSR Desk Officer, Hertha W. Heiss. Licensing of $85 million worth of truck manufacturing equipment late in May, part of which will be delivered this year, may further boost U.S. exports to the USSR.

In perspective

The expected gains are striking compared to past levels, but still modest in terms of the economic potential and overall trade of both the United States and the Soviet Union. In 1970 the USSR's gross national product reached $470 billion, increasing by about 8 percent over 1969. Soviet imports last year totaled $11.7 billion—up 13.7 percent from 1969. Imports from the free world grew at a somewhat slower pace, increasing by $500 million to $4.1 billion. Imports from the United States, according to 1970 Soviet statistics, amounted to $114 million.

While the USSR ran its customary global trade surplus in 1970, its deficit with Western industrial countries widened to $429 million. Most, if not all, of this amount was covered by medium- and long-term credits, and no gold sales were reported.

Guidelines for the new Soviet five-year plan, published in February, provide clues to the types of equipment the USSR is likely to buy in the West. The country is well aware of its technological lag in many fields and imports of Western technology and advanced equipment constitute a significant element in modernizing the Soviet economy. The 1971-75 economic plan provides for Soviet industry to expand by eight percent per year, and for investment to increase by six to seven percent annually.

Within the industrial sector, the power industry, in particular atomic power, and the machine building, chemical, petrochemical, and gas industries are to be developed most rapidly. In machine building, the automotive industry is targeted for an especially fast pace. The output of passenger automobiles is planned to increase three and a half times; and truck production capacity is to be expanded by construction of two new plants, including the much-discussed Kama River Truck Project with an annual capacity of 150,000 vehicles.

USSR'S CHIEF IMPORTS FROM U.S.: aluminum oxide, hides and skins, pulp and waste paper, construction and mining machinery, metalworking machinery, agricultural machinery. USSR'S CHIEF EXPORTS TO U.S.: platinum and platinum group metals, chrome ore, gem diamonds, nickel and nickel alloys, furskins, residual fuel oil.

Instrument production of all kinds is to double by 1975, with electronic computer production slated to increase even faster. In the electronic industry, the plan stresses development of integrated circuit technology on an industrial scale for production of third generation computers and a wide range of other uses as a major goal. In the chemicals industry, emphasis continues on production of plastics, fertilizer, manmade fibers, and synthetic rubber.

The plan also calls for large-scale infrastructure development of West Siberia and for construction of more than 35,000 miles of oil and gas pipelines—both prerequisites for attainment of the oil and gas extraction goals.

In recent months there have been indications of increased U.S. interest in Soviet trade, which appears to be reciprocated by the USSR. During May, two groups of high level Soviet trade and industry officials visited the United States at the invitation of U.S. companies. Their main areas of interest were machine tools and oil field equipment. U.S. missions of scientific apparatus makers and of machine tool builders were well received in the USSR this spring and several other groups are organizing missions or participation at specialized Soviet trade exhibits this year.

Far East Market Expanding

U.S. Sales To Region Near $10 Billion Mark, But Gains Trail Record Pace of 1970

U.S. exports to the Far East this year, edging toward the $10 billion mark, will register a further significant expansion, according to Robert M. Klein, Acting Director of Commerce's Far East Division. Overall gains, however, will be considerably below the record 23 percent increase posted in 1970 when new sales highs were set for two-thirds of the countries of the region.

For the most part, last year was a period of improved export earnings and favorable economic growth for Far Eastern countries, with total imports of the area rising substantially, and the general trend is continuing in 1971. U.S. suppliers are taking increasing advantage of the broader range of opportunities presented. Indeed, a striking feature of the U.S. export performance last year was that despite intensified competition—particularly from Japan—American exporters apparently enlarged their share in all eleven major country markets, although the changes were marginal in some cases.

In absolute value, U.S. export gains to the Far East in 1970 continued what is now a six-year trend of significant increases, generally outpacing the rise in total U.S. exports to the world. But at the same time, imports from the Far East, with a few exceptions, had been growing at a considerably faster rate.

U.S. trade deficit

Consequently, in 1968, after a series of years in which our Far Eastern market contributed to the sizable export surplus for the United States as a whole, a trade deficit of nearly $400 million was registered with the region. In 1969 this deficit nearly tripled, to a level of $1.1 billion. The widening of the trade gap was more than explained by U.S. trade with Japan where, despite increases in both directions, the greater spurt in U.S. purchases of Japanese goods resulted in a massive trade deficit of $1.4 billion.

The 1970 trade pattern, however, for the first time since 1967 reflected a situation where U.S. exports expanded more rapidly than did U.S. imports. But the U.S. import total has now grown so large that the improvement in the balance of trade was relatively modest. The U.S. deficit with the region was about $850 million, and that with Japan was $1.2 billion.

Nevertheless, taking U.S. sales to the region by themselves, last year's performance was an impressive one. U.S. exports to the Far East (including Oceania) were valued at more than $8.8 billion, up by 23.4 percent over the 1969 total. This compares with an increase of 11.5 percent registered in 1969. The sales gains were widely dispersed, with higher purchases being made by eleven of the region's fifteen countries.

Japan key factor

By far the most important factor in the overall 1970 results was the sharp one-third rise in exports to Japan, to a figure of over $4.6 billion, which raised Japan's share to over one-half of total U.S. exports to the region. For the first five months of 1971, however, U.S. sales to the region were up by only 5 percent over the corresponding period of 1970, largely due to the fact that shipments to Japan—reflecting some slackening in Japanese economic activity—were slightly below the record-setting level of 1970. With government stimulative policies expected to result in a pick-up in business activity in the second half of the year, and a real growth in GNP for 1971 predicted at 9-9½ percent, U.S. sales to Japan should still show a moderate gain for the full year. But in view of the continued rise in U.S. imports, currently running 28 percent ahead of last year's rate, the 1971 deficit with Japan will be well over $2 billion.

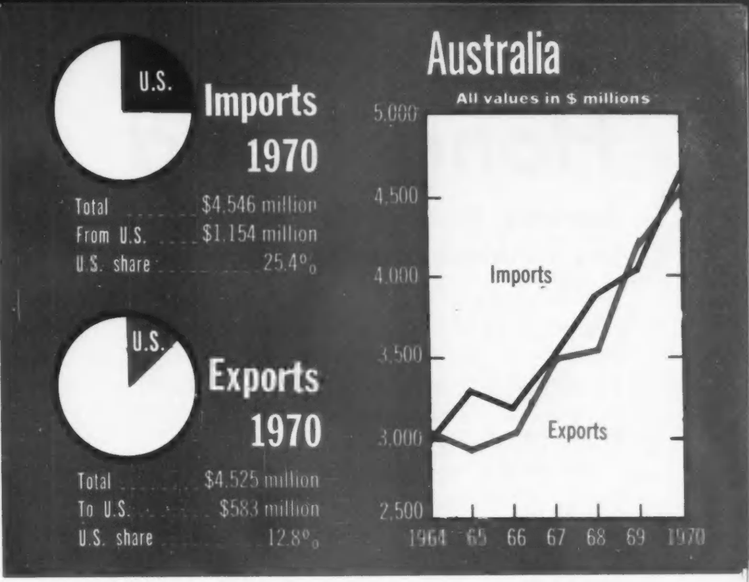
Exports to Australia (our second-ranking market in the area), aided by commercial aircraft sales, should show a rise close to the 15 percent increase of last year, especially if special category (military) shipments approximate the high level of 1970, and the total export figure should easily exceed $1 billion.

The special category factor is particularly important in the case of our third and fourth largest regional markets—Korea and Taiwan. Although the economies (and commercial import markets) of both countries continue to expand, it was the special category component that accounted for the falloff in overall 1970 exports to Korea and for the sharp rise in the figure for Taiwan. With this component expected to be higher this year for Korea and possibly for Taiwan, and with their respective GNPs growing by 10-11 percent, overall U.S. exports to both countries will be up, substantially in the case of Taiwan.

Significant export gains are projected for most of the other countries, with Singapore—where exports tripled between 1967 and 1970—continuing as our most rapidly growing market. Only marginal changes are anticipated, however, for the Philippines (where the benchmark was set in 1968) and for New Zealand, where the 36 percent rise last year resulted in a new peak level for the first time since 1965.

Australia

Economic Activity Is A Little Uneven But Demand Grows For U.S. Goods



U.S. exports to Australia are expected to continue to expand throughout 1971 but the rate of increase may not be as high as that recorded in 1970 and in the early months of 1971.

Deane M. Black, Commerce's Desk Officer for Australia, goes on to say that U.S. exports to Australia in 1970 were valued at over $985 million, a 15 percent rise over 1969. In the first four months of this year, this trade continued to register an increase of more than 15 percent over the same period a year ago. However, because of a slowdown in some major economic sectors, and the possibility of further labor unrest coupled with some uncertainty concerning the government's future economic policy, import demand may slacken towards the end of the year, and the rate of expansion of imports may not be as high as in 1970. The FY 1972 budget, to be announced in August, should provide a clearer indication of the direction the Government plans to take in an effort to obtain greater balance in the economy and should also serve to strengthen business confidence.

Despite the unevenness of activity in the various economic sectors, the economy overall remains strong and GNP in FY 1971 (which ended June 30) was tentatively estimated to have increased by over 5 percent in real terms, almost matching that of FY 1970.

External sector strong

Australia's balance of payments position continues strong, due mainly to the heavy surge of capital which has been flowing into the country since the beginning of the year. Capital inflow has been at record levels, averaging some $225 million monthly in March and April compared to $190 million in the same months last year. By the end of April, Australia's reserves of gold and foreign exchange had risen to over $2 billion.

Australia's total imports in calendar 1970 were valued at $4.5 billion, an increase of about 12 percent over 1969. Imports from the United States during the same period rose to $1,154 million, and the U.S. share of the market increased slightly to 25.4 percent. Exports in calendar 1970 were valued at $4,525 million, an increase of 7.3 percent over 1969. Exports to the United States during this period rose to $583 million, reflecting mainly an upsurge in meat shipments.

Both the pattern and composition of Australia's trade is changing as minerals and manufactured goods exports displace rural products as Australia's principal export earners, and as Australia's ties with Japan increase and dependence on the United Kingdom lessens. The United Kingdom was displaced from its previously dominant position by the United States, with 25.4 percent of the import market, and by Japan, with 24.6 percent of Australia's export trade.

AUSTRALIA'S CHIEF IMPORTS FROM U.S.: road motor vehicles, chemicals, aircraft and parts, construction and mining equipment, electric machinery, mechanical handling equipment. AUSTRALIA'S CHIEF EXPORTS TO U.S.: meat, alumina, wool, sugar, lobsters, nonferrous ores and concentrates.

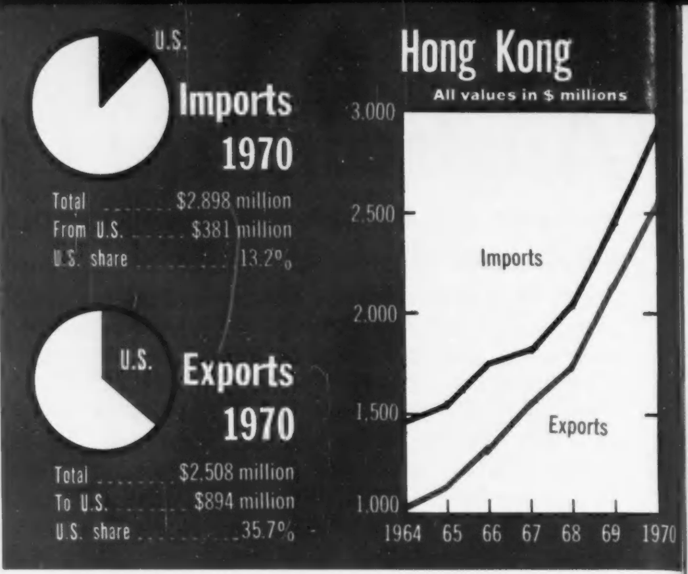
Competition keen

Competition from third countries in the Australian market continues keen, led by Japan and the United Kingdom. Japan, Australia's principal trading partner (with two-way trade approaching $2.25 billion a year), and the principal market for Australia's mineral exports, is increasing its stake in the Australian market. More than 70 Japanese firms have established branch operations there, and Japanese investment in Australia by the end of 1971 will reportedly be valued at some $200 million, up from $19 million just 18 months ago.

With the extensive minerals development taking place in Australia, and with the further development and diversification of Australia's export industries, the demand for U.S. capital goods and equipment, and technology, should remain strong. A continuing showcase for U.S. firms wishing to exhibit their products in Australia is provided by the U.S. Trade Center in Sydney established in 1970. In its first nine months of operation, the Trade Center had actual and projected sales of over $70 million in U.S. exports.

Hong Kong

Economy Expected To Stay Vigorous Despite Moderation Of Export Boom



U.S. exports to Hong Kong are expected to increase in 1971, but less rapidly than in 1970. Moderation of the export boom that Hong Kong has enjoyed for several years may be followed by a tempering of demand for imports in the Colony's trade-oriented economy.

According to James R. Johnston, Commerce's Desk Officer for the Colony, a less brisk flow of orders from Hong Kong's overseas markets is contributing to a somewhat less optimistic outlook than the Colony has become accustomed to enjoy. The economy is expected to remain vigorous, but there is concern in Hong Kong that production costs have been rising faster than in some competing countries. Other causes for concern are the leveling off of tourist arrivals, the unresolved issue of textile export limitations, the question of what benefits Hong Kong may receive under a generalized tariff preference arrangement, and the loss of Commonwealth preferences if the United Kingdom joins the European Economic Community.

Although the Hong Kong Government keeps no national income accounts, an unofficial estimate placed 1970 GNP at $3.62 billion, amounting to a real increase of 4 percent over 1969. Comparable growth is expected in 1971.

Business confidence in Hong Kong is strong. Bank loans and deposits have reached record levels, and capital goods imports continue at a lively pace. Additional U.S. firms are arriving to swell the numbers of those which find Hong Kong an ideal location for regional marketing activities.

The General Consumer Price Index for the first quarter of 1971 showed a 3.2 percent increase over the first quarter of 1970, while registered industrial employment rose 4.2 percent. The average daily industrial wage rate (in current prices) was 16 percent higher in 1970 than in 1969. Hong Kong manufacturers facing cost increases greater than those confronting competitors have been shifting to more capital-intensive lines of production.

Imports were up

Hong Kong's total imports in 1970 were $2.9 billion, up 18 percent from 1969. The U.S. share remained virtually unchanged at 13.2 percent of the total, while the value of imports from the United States rose 11.6 percent to reach $381 million. Total exports in 1970 were $2.5 billion, up 15.9 percent from 1969. The United States took 35.7 percent or $894 million, a value 17.7 percent higher than in 1969. Provisional trade figures for the first quarter of 1971 indicate a continued rapid growth of imports, which were up 22 percent over the corresponding quarter of 1970, while total exports rose 12.6 percent.

HONG KONG'S CHIEF IMPORTS FROM U.S.: electronic components and parts, unset diamonds, light industrial machinery, fruits and vegetables, textile fabrics, pharmaceuticals. HONG KONG'S CHIEF EXPORTS TO U.S.: clothing, electronic goods, wigs, plastic toys and dolls, artificial flowers, textile fabrics.

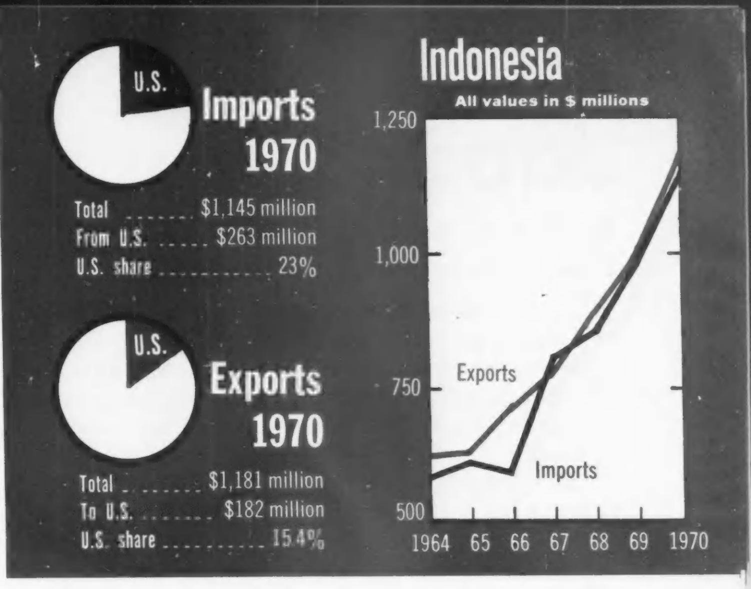
There is every indication that Hong Kong's free port status and the laissez-faire economic policies of its Government will be maintained and will continue to determine the structure of the Colony's unique economy. Hong Kong's foreign exchange reserves at the end of March were up 34 percent from the same date last year. This comfortable financial position is expected to continue.

Promising opportunities are seen in Hong Kong for U.S. exports of capital equipment for light industry, materials and equipment for the construction industry (including air conditioning units and elevators), EDP and photocopying equipment, synthetic textile yarn and fabrics, pharmaceuticals, plastic materials, kraft paper, materials handling equipment, and hotel and restaurant supplies.

Now that trade between the United States and Mainland China is once again possible, Hong Kong offers a location where efforts to establish business contact may be undertaken. As noted in the *Commerce Today* article detailing procedures in trading with Mainland China (June 14, pp. 33-36), the China Resources Company, Bank of China Building, Hong Kong, acts as an agent for all foreign trade corporations of the People's Republic of China.

Indonesia

Non-Aid Purchases Lead The Way As Imports From U.S. Head Upward



Imports 1970	
Total	$1,145 million
From U.S.	$263 million
U.S. share	23%

Exports 1970	
Total	$1,181 million
To U.S.	$182 million
U.S. share	15.4%

U.S. exports to Indonesia are continuing their healthy upward trend, reports M. Virginia Webbert, Commerce's Desk Officer for that country. Although January-April exports of $83 million were only 5 percent higher than for the same period of 1970, the year's total may reach at least $300 million, or 14 percent more than the $264 million exported in 1970.

An encouraging development is the 50 percent rise in non-aid exports in 1970, to an estimated $97 million, reflecting the more vigorous sales efforts of U.S. business, larger U.S. investment, and Indonesia's increased ability to finance imports. U.S. aid financed an estimated $167 million in U.S. exports in 1970 and will continue to be a major force in maintaining the upward trend.

In 1971/72 (fiscal year ending Mar. 31), the United States may provide $235 million of the $640 million Indonesia seeks in foreign aid through its PL-480 program and through AID project and program loans. The latter will be partially untied to permit their use in procurement from other developing countries.

Remarkably stable prices

Prices continued to be remarkably stable in 1971, and the external value of the rupiah firm. The cost of living rose by only 2 percent in the first five months, due primarily to declining rice prices. In 1971/72 the budget will again be balanced at Rp. 585 billion (27 percent higher than last year), with development expenditures comprising 38 percent of the total. Routine budget revenues are expected to rise, but at the sharply lower rate of 21 percent.

Balance of payments estimates for 1971/72 forecast a 19 percent growth in exports to $1,420 million, due mainly to higher oil prices and larger shipments of oil and timber. A 19 percent rise in imports, also, to a level of $1,406 million, is anticipated mainly through utilization of $175 million in project loans, $370 million in program loans and grants, and a rise in direct investment to around $120 million. The expected deficit of $546 million in goods and services and debt service payments of around $107 million in 1971/72 will be offset mainly by the higher levels of foreign aid and investment. Official international reserves are still negative.

The Government continues to welcome foreign investment but is becoming more selective in project approvals. Also, nearly 40 types of light industries dominated by domestic firms are being closed to new foreign investors, although joint ventures may still be considered. The United States still leads in investment interest with approved non-oil contracts valued at $381 million out of total contracts valued at $1.4 billion signed between 1967 and Mar. 31, 1971.

***INDONESIA'S CHIEF IMPORTS FROM U.S.:** rice, raw cotton, wheat flour, trucks, construction and mining machinery, agricultural tractors.* ***INDONESIA'S CHIEF EXPORTS TO U.S.:** rubber, crude petroleum, coffee, pepper and other spices, tea, palm oil.*

U.S. firms also predominate in the 39 new production-sharing oil contracts valued at $432 million. A double taxation convention between Indonesia and the United States is under discussion.

Sharp investment rise

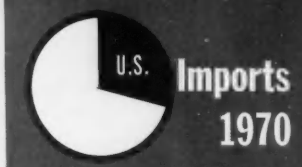
Domestic investment is also increasing sharply, facilitated by incentives under the Domestic Investment Law and the Government's medium-term credit program. Over 500 approved projects in the 14 months ended January 1971, with planned expenditures of $450 million, will create new opportunities for sales of U.S. products.

The United States was Indonesia's second largest supplier in 1970, with exports of $264 million, compared to Japan's exports of $316 million, and a market share of about 23 percent. U.S. exports were mainly agricultural commodities under PL-480—rice ($60 million), raw cotton ($32 million), and wheat flour ($29 million)—machinery (a new high of $63 million), and transport equipment ($30 million).

U.S. imports from Indonesia in 1970 of $182 million were 6 percent lower than in 1969 (due to reduced purchases of rubber and oil and lower rubber prices) and by April had declined a further 2 percent compared to the same period in 1970.

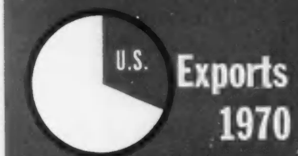
Japan

Business Community Is Optimistic That Downturn Will Be Short-Lived



Imports 1970

Total ...... $18,874 million
From U.S. ... $5,556 million
U.S. share 29.4%

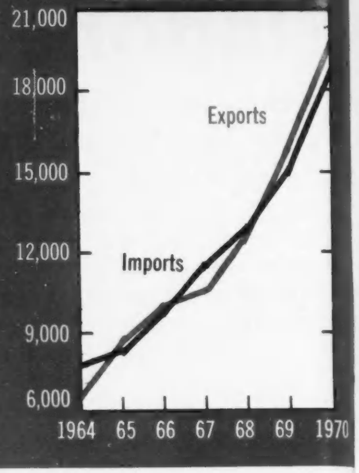


Exports 1970

Total .... $19,363 million
To U.S. ...... $5,954 million
U.S. share 30.8%

Japan

All values in $ millions



U.S. exports to Japan, which increased by a record 33 percent last year to reach nearly $4.7 billion, will grow much more moderately during 1971. Tatsuo A. Miyakawa of Commerce's Japan Desk attributes this primarily to the current Japanese economic slowdown.

The expectation of a further increase in U.S. exports is based on Japan's continuing, if somewhat slackened, requirements for industrial raw materials and sophisticated labor-saving equipment combined with a growing demand by the average Japanese for Western-style consumer durables and soft goods.

Period of adjustment

Most recent economic indicators point to a somewhat slower business pace than in recent years and to a period of adjustment. The six-year uninterrupted climb of industrial production began tapering off last fall with a reduction in output by the steel, aluminum, and home appliance industries. Scheduled investment expenditures for fiscal 1971 (ending March 1972) in petrochemicals, man-made fibers, automobiles, electronics, paper-pulp, and aluminum are below those for fiscal 1970. Investments in the manufacturing industries may decline nearly 5 percent this year, while overall investments will be up by only about 2 percent as compared with the usual 20-30 percent annual increase. Accounting for this slowdown are industrial over-expansion and the shifting of consumer spending from durables to travel, recreation, and services.

Despite these negative features, the business community is optimistic that the present downturn in business activity will be short-lived, and a pick-up in activity is expected in the second half of 1971. The real growth in GNP this year is still projected at a substantial 9 to 9½ percent, although somewhat below the 11.2 percent expansion registered last year.

The wholesale price index, which leveled off last autumn, has been declining in recent months. Consumer prices have also demonstrated a more moderate trend since the start of the year—a 6.7 percent rise in the first quarter over the same period last year, as compared with the 7.7 percent rise in 1970 over 1969.

The U.S. share of Japan's import market, which had fallen to 27.2 percent in 1969, improved somewhat in 1970 to 29.4 percent.

The U.S. trade balance with Japan improved slightly in 1970 over 1969, but so far this year it has worsened. U.S. Census data (both exports and imports f.o.b.) show that U.S. exports to Japan for January-April 1971 were $1,425 million, or 2 percent less than for the comparable 1970 period. U.S. imports from Japan totaled $2,210 million, up 27.4 percent. Even with the expected improvement in U.S. export performance for the rest of the year, the unfavorable balance should easily exceed the record 1969 deficit of $1.4 billion.

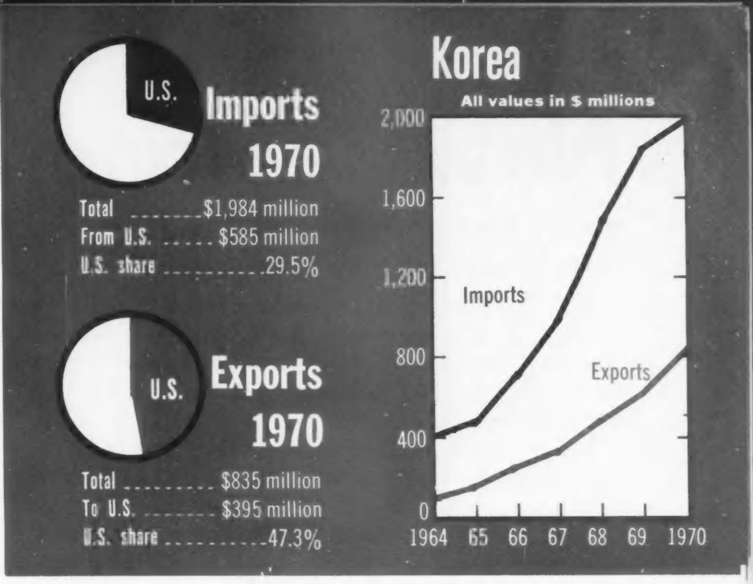
JAPAN'S CHIEF IMPORTS FROM U.S.: coal, logs and lumber, chemicals, soybeans, aircraft and parts, corn. JAPAN'S CHIEF EXPORTS TO U.S.: iron and steel products, textiles and clothing, TV and radio sets, passenger cars, musical instruments and phonographs, recorders.

Leading U.S. exports to Japan for the first four months of 1971 were coal, aircraft, logs and lumber, chemicals, soybeans, and office machinery and computers. New stimulus to U.S. exports may be provided by Japan's unilateral reduction last April of import duties on passenger cars, trucks and buses, motor vehicle engines, color film, electric refrigerators, and other items of possible interest to U.S. exporters; the implementation, also in April (nine months ahead of schedule), of the final stage of Japan's Kennedy Round of import duty cuts affecting some 2,000 items; and expected reduction by the end of September of Japan's illegal import quotas to 40.

Japan's first quarter overall balance of payments recorded a $609 million surplus as compared with a $16 million deficit for the comparable period of 1970. Accounting for this swing were the $1,085 million trade surplus ($591 million in 1970) and a $247 million improvement in the long-term capital account. Japan's foreign exchange reserves consequently rose from $4.4 billion at the end of 1970 to $6.9 billion at the end of May.

Korea

Imports From U.S. May Set Record As Economy Continues Rapid Growth



Total U.S. exports to the Republic of Korea, which declined in 1970 because of a fall-off in military aid goods, should recover in 1971 as both military and commercial shipments expand. With the vigorous growth of the Korean economy continuing, reports Joan M. Plaisted, Commerce's Korea Desk Officer, overall U.S. sales may exceed the 1969 benchmark of nearly $700 million.

Korea now ranks third among Far East markets for U.S. goods. Prospects for expanding U.S. sales over the next few years, although favorable, will partly depend on the capacity and willingness of American exporters to compete more aggressively with the Japanese, especially for the increasingly significant import market financed by Korean Government-owned foreign exchange (KFX).

Total Korean imports will continue to increase, but percentage rates of increase will be far less than in recent years as the Government moves to reduce Korea's large trade deficit. Under Korea's Third Five-Year Plan (1972-1976), commodity imports are expected to reach $3.67 billion by 1976, compared with $1,984 million in 1970. The proportion of total imports funded by Korean foreign exchange is projected to increase from 62 percent in 1970 to 78 percent in 1976.

Preliminary estimates indicate a real economic growth rate of approximately 12 percent in 1971, compared to 9.7 percent in 1970 and a record 15.9 percent in 1969. Guidelines for the Third Five-Year Plan set the average annual GNP growth rate at 8.6 percent.

The rapid pace of economic expansion has brought on problems of trade imbalance, inflation and debt service. Korea's Third Plan will place increased emphasis on balanced growth with greater price stability. Priority areas in which investment will be focused are agriculture and the rural economy, exports, and the development of heavy and chemical industry. Meanwhile the Korean Government—supported by a renewed IMF Standby Agreement—is continuing its efforts to stabilize the economy through restrictive monetary policies at home and ceilings on foreign borrowing. Effective June 28, Korea devalued its exchange rate by about 13 percent.

Korea's development in the years ahead is expected to remain heavily dependent on export growth. Exports, which reached $835 million in 1970 (customs clearance basis), are anticipated to increase by 35 percent in 1971. The United States will maintain its position as Korea's principal export market. Korea's merchandise trade deficit, which increased from $574 million in 1967 to $992 million in 1969, declined slightly in 1970 to an estimated $922 million. Continuing improvement in Korea's trade balance will be required if the country's heavy external debt obligations are to be met.

KOREA'S CHIEF IMPORTS FROM U.S.: wheat and wheat flour, rice, raw cotton, nonelectric machinery, iron and steel scrap, electric machinery. KOREA'S CHIEF EXPORTS TO U.S.: clothing, wigs, plywood, electronic products, textile yarn and fabrics, footwear.

U.S. position improves

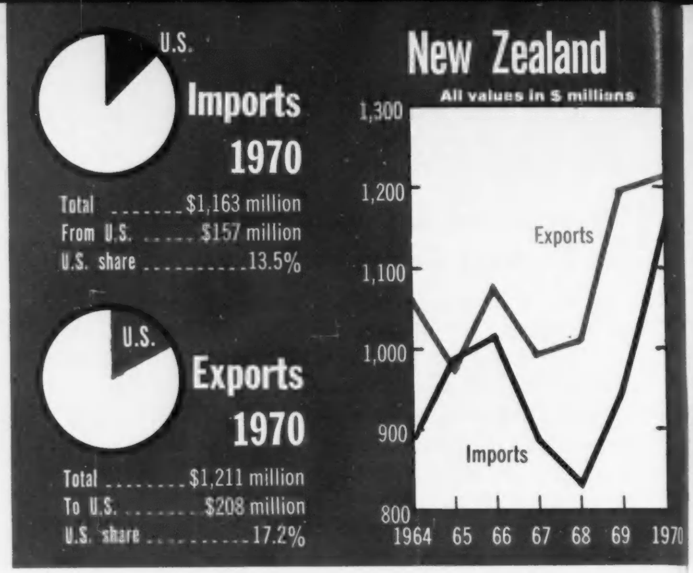
Japan remains Korea's leading supplier with a market share of 40.8 percent in 1970, down slightly from its 1969 percentage. In contrast, the declining trend in the U.S. share of the overall Korean import market was reversed in 1970 when the U.S. supplied goods (excluding military shipments) valued at $585 million, accounting for 29.5 percent of total imports as compared with 29.1 percent in 1969.

With the end of supporting assistance (grant commodity aid) in FY 1970, U.S. economic aid-financed shipments have become a less important feature of Korean imports. Encouragingly, the United States, in spite of heightened Japanese competition, continues to gain in the increasingly significant KFX import market. The U.S. portion of total KFX purchases in 1970 was 21.1 percent compared with 18.5 percent in 1969, while the Japanese share declined from 44.3 percent to 43.6 percent.

To augment its trade promotion activities in Korea, the U.S. Department of Commerce has scheduled a second solo industrial exhibit for Seoul in October 1971.

New Zealand

Import Controls Are Being Eased; More Stable Growth Pattern Is Seen



Total ....$1,163 million
From U.S. ......$157 million
U.S. share 13.5%

Total ....$1,211 million
To U.S. ....$208 million
U.S. share 17.2%

U.S. exports to New Zealand are not expanding in 1971 at the rate they were throughout last year, but they are expected to remain at a high level and at least reach the record figure registered in 1970 of about $135 million.

Deane M. Black, Commerce's Desk Officer for New Zealand, states that the New Zealand budget for FY 1972 (year ending March 1972), just announced by the Minister for Finance, reflects the government's confidence that the cost-price spiral is settling down, and a more stable growth pattern in the economy is emerging. The removal of the temporary 10 percent import tax surcharge, scheduled for July 31, also reinforces recent predictions that further restraints are not considered necessary at this time.

Import controls relaxed

Of substantial interest to U.S. exporters in the FY 1972 budget was the announcement that import licensing controls would be phased out within five years, to be replaced by tariff protection based on National Development Conference aims to promote steady industrial development, full employment, and the growth of manufactured exports.

The budget announcement also freed imports of apples, pears, citrus fruits, pineapples and grapes, and provided for additional licenses, valued at $5.6 million, for imports of unassembled passenger cars and for 10,000 assembled passenger cars, effective July 1. These relaxations were in addition to those announced earlier in the year covering a wide range of goods valued at some $25 million, and bring the liberalized portion of trade up to about two-thirds of New Zealand's total imports as of July 1.

Recent reports on the domestic economy indicate that while costs and prices are continuing to rise, the rate of expansion of consumption and of wage levels has been gradually abating, due, in large part, to the monetary and fiscal measures taken by the Government in its mini-budget of October 1970. According to the Monetary and Economic Council, New Zealand's gross national product is expected to gain 5 percent in real terms during FY 1972.

Surplus to deficit

On the external side, there has been a shift from a sizable surplus to a moderate deficit in the current account balance of payments, but predictions are that there will be no further deterioration in the immediate future since the growth in imports is slackening and export receipts are expected to rise about 10 percent in FY 1972 due to higher export prices. Further, the current account deficit should be covered by capital inflow, and New Zealand's foreign exchange reserves should be sustained at their already healthy level provided that inflationary pressures continue to be brought under control. (New Zealand's foreign exchange reserves at the end of April were at a record $4.8 billion.)

NEW ZEALAND'S CHIEF IMPORTS FROM U.S.: aircraft and parts, internal combustion engines, textiles, chemicals, tobacco, motor vehicles and parts. NEW ZEALAND'S CHIEF EXPORTS TO U.S.: meat, wool, casein, shellfish, sheepskins, dairy products.

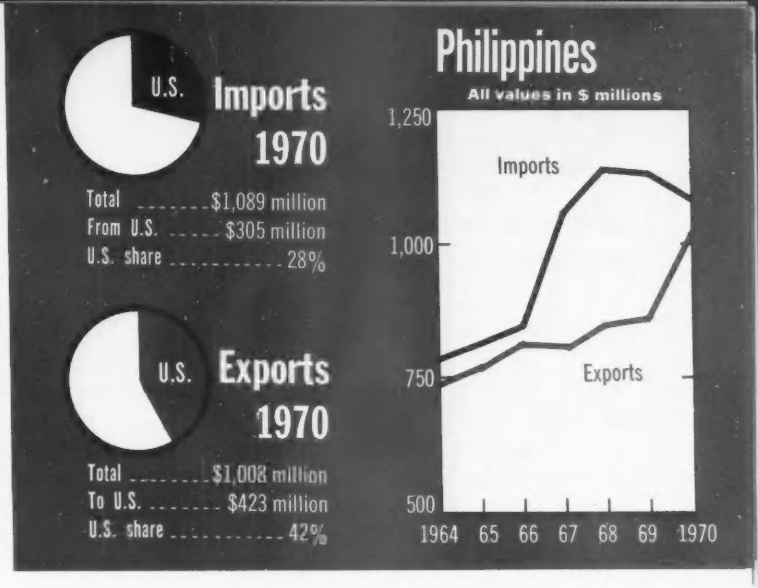
Trade at high level

New Zealand's total imports in calendar 1970 were valued at $1,163 million of which about 13.5 percent ($157 million) comprised imports from the United States. Exports were valued at $1,211 million, with the United States taking about 17.2 percent of the total, valued at $208 million. The United States continues to be New Zealand's third supplier (after Australia and the United Kingdom), and New Zealand's second ranking export market (after the United Kingdom).

With the U.K. trade position in New Zealand steadily declining, and the U.K.'s expected entry into the EEC, New Zealand is faced with diversifying its export trade and finding alternative markets for its pastoral products. As New Zealand seeks to diversify its export industries, more opportunities should be available to American suppliers. With the possibility that the remaining one-third of imports still under licensing controls will be free of restriction within the next five years, the long-term outlook for U.S. sales to New Zealand is good.

Philippines

Austerity Reins Eased Slightly; U.S. Exports May Gain This Year



U.S. exports to the Philippines in the first four months of 1971 fell slightly below the comparable 1970 level, reports John D. Phipps of Commerce's Philippines Desk. However, the pace should quicken somewhat in the months ahead, with the prospect that total U.S. exports in 1971 may end up marginally above the 1970 level of $373 million.

Beginning early last year, the Philippine Government undertook a series of austerity measures and exchange controls designed to stabilize the domestic economy and restore balance to external payments. This stabilization program contributed to a small reduction in total Philippine imports as well as imports from the United States in 1970. However, if some of the more stringent controls are eased this year, as expected, and the Philippine economy gradually recovers momentum, a modest reversal of the downward trend in imports from the United States should be possible.

The various austerity and reform measures—freeing the peso and allowing it to depreciate from 3.90 to the present de facto rate of 6.43 to the dollar; sharp cutbacks in domestic spending; rigorous control of the money supply; stiff limits on new domestic as well as foreign borrowing (including access to supplier credits); and a variety of restrictions on outward dollar remittances—have virtually succeeded in balancing both the budget and external payments.

Unavoidably, these achievements of the austerity program were not without cost to overall economic growth. Real GNP growth in 1970 was only about 4.4 percent, well below the 1969 real growth rate of 6.2 percent. Moreover, the manufacturing sector—highly credit- and import-reliant—had a growth rate of only 2 percent in 1970, even less than the unimpressive 3.5 percent gain in 1969. Additionally burdening the industrial sector, wholesale prices rose by an unprecedented 20 percent, reflecting mainly the continuing effects of the inflationary pressures which had built up before, and were further aggravated by, the devaluation. Although these pressures should ease off somewhat this year, prices still are expected to rise by another 10-15 percent.

Chief economic concern

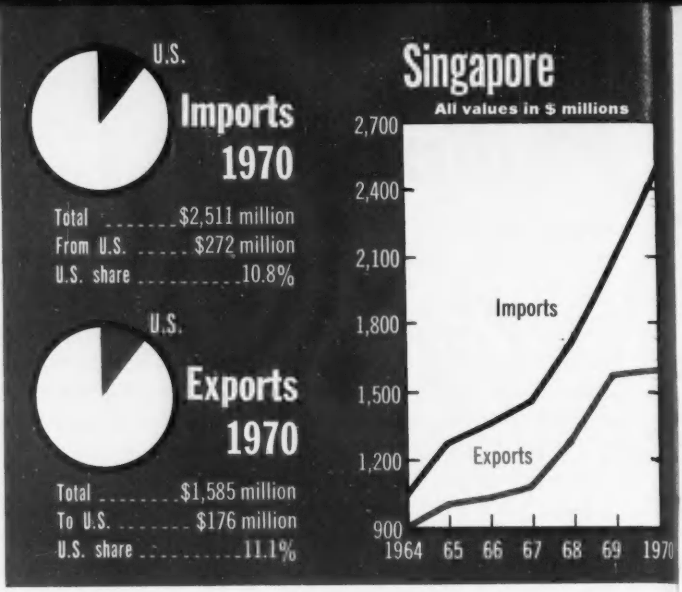
Balance of payments problems remain as the chief long-term economic concern, despite the $112 million surplus achieved in 1970. The major problem is the large external debt, public and private, which rose to $1.9 billion by year's end. Servicing of this debt, including amortization and interest, came to $468 million in 1970 or about 33 percent of current account receipts. One favorable development, however, was the substantial narrowing of the trade gap in 1970, following heavy deficits in 1968 and 1969. Owing largely to the peso devaluation, total Philippine exports increased by 22 percent to $1,043 million in 1970, while total imports, also feeling the effects of the austerity program, fell by 4 percent to $1,090 million.

*PHILIPPINES' CHIEF IMPORTS FROM U.S.: **wheat, road motor vehicles, cotton, paper and paperboard, telecommunications equipment, power generating machinery.** PHILIPPINES' CHIEF EXPORTS TO U.S.: **sugar, coconut oil, copra, plywood and veneer, copper ore and concentrates, dessicated coconut.***

Along with the overall import pattern, purchases from the United States (according to Philippine data) declined by 5 percent to $305 million in 1970. Imports from Japan, however, increased by 28 percent to $432 million. Thus, while the United States retained its 28 percent share of Philippine imports, Japan's share rose sharply, from 30 percent in 1969 to 40 percent in 1970. U.S. data for the first four months of 1971 show U.S. exports at $115 million—slightly below (3.1 percent) the corresponding 1970 level. This does not, however, reflect the easing of certain controls, particularly on money supply and credit, expected later in the year. Thus, there is some basis for anticipating an overall increase in U.S. exports by year's end. The most promising opportunities for U.S. sales this year would appear to be to the agribusiness and mining sectors of the economy, especially for grain storage and handling equipment; food- and poultry-processing machinery; irrigation equipment; and mining and mineral processing machinery.

Singapore

Sharp Advance In Imports From U.S. Expected To Continue Through 1971



U.S. sales to Singapore, maintaining a sharply increasing trend during the first half-year, are expected to continue rising substantially throughout 1971, according to John E. Walsh, Commerce's Singapore Desk Officer.

The demand in the Singapore marketplace for additional goods and equipment required by the area's fast-moving offshore petroleum exploration activities, along with Singapore's emphasis on export-oriented manufactures, will continue strong, with the U.S. share-of-market participation outstripping the pace of the country's overall trade increase.

Preliminary figures indicate that the high growth rate of most of Singapore's economic indicators in recent years continues unabated. During 1970 Singapore's gross domestic product (in current prices) registered a further 15 percent increase to reach the level of $1.86 billion. Per capita GDP rose to $905, maintaining Singapore's position as the country with the second highest per capita income in Asia. In the ten years between 1960 and 1970, the country's GDP had increased some 250 percent.

Upward trade trend

Imports and exports, the traditional lifeblood of Singapore's economy, continued their upward trend by a further overall 11 percent, although largely on the import side. Singapore's port, fourth-ranking in the world, handled an additional 11 percent of cargo and nearly 10 percent more in number of ships.

Bank deposits last year increased by 16.4 percent and foreign assets by 22 percent. Foreign investment continued to grow, as did the local Asian dollar and international gold markets. Despite the economic activity and expansion of money supply, however, there was a minimum of noticeable inflationary pressure. The official consumer price index, for example, reflected an increase for the year 1970 of only 0.4 percent.

Singapore's preliminary official trade data for 1970 (excluding its unpublished but sizable trade with Indonesia) show exports amounting to $1,585 million and imports $2,511 million. The United States supplied $272 million, or 10.8 percent, of Singapore's import market, and took $176 million, or 11.1 percent, of exports. These figures compare favorably with U.S. participation in 1969 of $162 million and $166 million, respectively, representing a 65 percent increase in the level of Singapore's U.S. purchases but only a modest 6 percent increase in Singapore's sales.

According to U.S. Census data, imports from Singapore in the first four months of 1971 were valued at $35.2 million, or up 40 percent over the figure for the comparable 1970 period. U.S. exports to Singapore during the same period amounted to $107.3 million, a further 48 percent increase over the previous comparable period.

Manufacturing is the fastest developing sector of Singapore's economy and continues to spearhead the creation of new employment opportunities. Main contributors have been in the fields of wood and paper industries, textiles, plastic goods, shipbuilding and repair, petroleum and chemical production activities and, of course, the rapidly developed and still developing electronics industry.

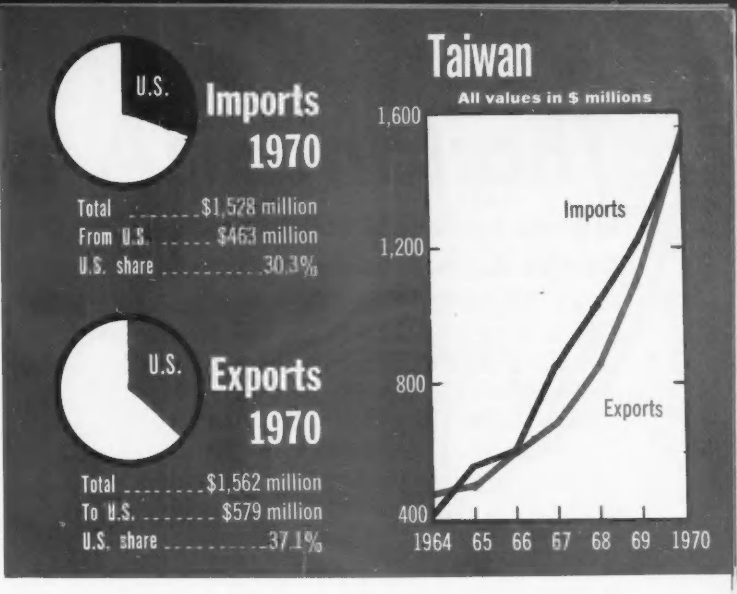
With the new emphasis on more technical diversification, requirements for tools and machinery associated with precision engineering, metal working, and the like will be added to the present machine/equipment demands. Complicated industrial machinery, electronic measuring equipment and other high-quality capital equipment of the type which previously had no demand in Singapore is now finding a market there.

With the rapidly increasing tourist traffic through Singapore and the local rising consumer buying power, suppliers of hotel, restaurant, and recreational equipment should remain alert to the many growing sales opportunities in these lines.

SINGAPORE'S CHIEF IMPORTS FROM U.S.: construction and mining machinery, aircraft, electronic components, power generating machinery, cooling equipment, tobacco and manufactures. SINGAPORE'S CHIEF EXPORTS TO U.S.: crude rubber, transistors and semiconductors, coffee, spices, clothing and accessories, ships' stores.

Taiwan

Sustained Upsurge Boosts Demand; U.S. Suppliers Should Benefit



U.S. sales to Taiwan's fast-developing economy are expected to show strong growth in 1971, according to James R. Johnston, Commerce's Desk Officer for that country. The United States, together with Japan, should continue as a principal supplier of the raw materials and machinery needed to support the island's rapid industrial expansion.

Behind the remarkable growth being maintained in Taiwan are a high rate of savings and investment (each at 26 percent of 1970 GNP) and a phenomenal export boom in manufactures. An increase in industrial production exceeding 20 percent is projected for 1971.

High growth rate

GNP in 1970 reached $5.4 billion, registering a real increase of 10 percent over 1969. This high rate will probably be maintained and may even be exceeded in 1971. A sustained high level of investment in capital goods by private industry reflects strong business confidence. Taiwan's attractiveness to foreign investors is demonstrated in the approval, under the Republic of China's Statute for Encouragement of Investment, of applications totaling $139 million from overseas investors during 1970. This was an increase of 26 percent over 1969. U.S. investors, who accounted for almost half the 1970 investment from abroad, can expect that Taiwan will continue as a stable and profitable location for foreign investment.

The money supply as of April 30 was 23.1 percent more than on the same date in 1970, but inflationary pressures have been kept under control. The monthly average of the official wholesale commodity price index for the first four months of 1971 showed an increase of only 0.2 percent over the corresponding period of 1970, while the official consumer price index rose 4.3 percent. Although current wage data are not available, wages apparently are not showing any strong upward movement.

According to Central Bank foreign exchange data, Taiwan's total imports in 1970 were 26.8 percent greater than in 1969. Imports from the United States during 1970, at $463.4 million, were up 38.9 percent from 1969. The increase was distributed over a broad range of commodities, notably machinery, grains, electrical and electronic equipment, and transportation equipment. The U.S. share of the market in 1970 was 30.3 percent, up from 27.7 percent in 1969. Preliminary data for the first quarter of 1971 show total imports up 30.8 percent from the first quarter of 1970, while the U.S. share rose by 3.5 percentage points.

Taiwan's foreign exchange data show its total exports in 1970 as 40.6 percent above 1969, with exports to the United States up 45.3 percent. Preliminary data for the first quarter of 1971 show total exports up 47 percent from the corresponding period of 1970, while exports to the United States rose 65 percent.

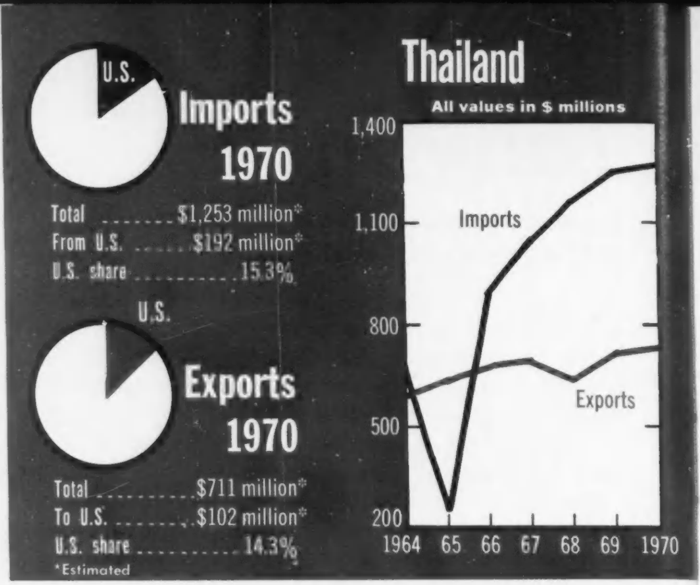
TAIWAN'S CHIEF IMPORTS FROM U.S.: industrial machinery, telecommunications and electronic parts and equipment, soybeans, wheat, raw cotton, transportation equipment. TAIWAN'S CHIEF EXPORTS TO U.S.: clothing, radio and TV sets and components, plywood, footwear, canned fruits and vegetables, plastic manufactures.

The removal of numerous items from Taiwan's controlled import commodity list is continuing—1,000 were removed in 1970—but to date the decontrol action has not been extended to commodities in which a significant rise in imports can be expected. Good prospects are seen for U.S. sales of electric power generation and transmission equipment, equipment for the food processing, textile, chemical, metalworking, plastics, and construction industries, and electronic parts and components. With the growing importance of the Republic of China as a trading partner of the United States, American exporters should find new opportunities in the areas which Taiwan is promoting under its official industrial policy for the early 1970's: machinery and machine tools, shipbuilding, steel, petrochemicals, aluminum, electronics, and energy resources.

Aided by a trade surplus of $34 million and mounting receipts from tourism, Taiwan's gold and foreign exchange reserves increased 40 percent during 1970 to reach $656 million.

Thailand

Imports From U.S. Still Expanding Despite Current Economic Slowdown



U.S. exports to Thailand, which increased marginally in 1970, are up 11 percent for the first four months of 1971. Although the economic growth rate and foreign exchange reserves have been declining, reports Commerce's Desk Officer for Thailand, John N. Randolph, Jr., the outlook for the rest of 1971 is for some increase in American shipments but it is doubtful whether the pace achieved through April can be maintained. Strong surges in cotton and tobacco sales pushed exports to $55 million during this period.

Demand for imported cotton is likely to remain strong throughout the year due to a significant decline in local production.

Preliminary estimates indicate that the real economic growth rate dropped from 9.6 percent in 1969 to about 6 percent last year, largely due to a severe fall in the price of rice. In terms of current prices, the growth rate of the gross domestic product in 1970 was on the order of 4 percent to $6.5 billion, indicating the dependence of the Thai economy on rice. Removal of the export premium, in essence an export duty, on certain grades and credit sales of rice could alleviate some of the marketing difficulties. Bartering rice for import needs is also being discussed.

Reserves declining

Thailand accumulated a substantial amount of international reserves through 1968. However, the trend was reversed in 1969 with a $48 million drawdown of net foreign exchange holdings, defined as foreign exchange held by the Bank of Thailand less the net liabilities of the commercial banks.

In 1970, the balance of payments position deteriorated necessitating a $128 million drawdown. The deficit on merchandise trade was $579 million, partially offset by a $257 million surplus on invisibles, a $158 million surplus on transfers and capital movements, and a $36 million surplus on errors and omissions.

The foreign exchange drawdown is not expected to be as severe in 1971 as last year, but still could amount to between $50 and $100 million. At the end of April, net gold and foreign exchange reserves totalled $728 million compared to $722 million at the end of 1970. This figure excludes Thailand's $48 million gold tranche position with the IMF, $14 million of which is Special Drawing Rights. Thai reserves are still quite healthy—equivalent to seven months' imports.

With U.S. military expenditures being reduced, Thailand's prospects for correcting the payments problem depend on marketing other commodities as well as rice and attracting more tourists and investors from abroad. American investors are restrained to some extent by Thai immigration policies and the ban on land purchases. Enactment of patent legislation and the elimination of some inequities in the tax structure would also improve the investment climate.

THAILAND'S CHIEF IMPORTS FROM U.S.: tobacco, raw cotton, heating and cooling machinery, tractors, motor vehicles, construction and mining machinery. THAILAND'S CHIEF EXPORTS TO U.S.: tin, crude rubber, tapioca and cassava, shrimp, kapok, precious and semi-precious stones.

The tax increases and tariff hikes promulgated July 1, 1970 contributed to the moderating trend in imports in 1970. According to preliminary figures, imports in the second half of the year were down 9.8 percent compared to the second half of 1969 and 13.7 percent from the first six months of 1970. The business slowdown was another significant factor in the decline.

The tariff increases have restricted U.S. sales in certain categories; however, our total exports to Thailand were actually higher in the second half of 1970. Further action to reduce imports is under consideration. Thailand has an enviable record in minimizing restrictons, relying on tariffs and fiscal and monetary restraints rather than import quotas or exchange controls.

Imports according to preliminary statistics totaled $1,253 million in 1970, only $5 million higher than 1969. Based on statistics through August, Japan was still the largest supplier with 36.5 percent of the market followed by the United States (14.8 percent), West Germany (8.9 percent) and the United Kingdom (8 percent).

Near East-South Asia

Improved Business Outlook Brings Lucrative Sales Openings; Competition Stiffens

U.S. exports to Near East-South Asian countries are expected to increase by 15 percent in 1971 to about $3.1 billion, the second consecutive year of significant growth following three years of decline. Despite their rather modest total, sales to the area will, as in the past, account for a major part of the global U.S. trade surplus, and in the broader context the area will make an even greater contribution to the U.S. balance of payments, according to Jackson B. Hearn, of Commerce's Near-East South Asia Division.

The optimistic trade outlook described above is tempered, however, by the fact that a large proportion of the U.S. sales total consists of special category shipments, tied concessionally-financed goods, and commercial sales of only a few items, particularly aircraft. In 1970, for example, special category shipments accounted for 18 percent of total U.S. exports to the area; and for the major recipients of such items—Israel, Turkey, and Iran—they comprised 35 percent of aggregate exports of $1,235 million. Special category shipments to these three countries are expected to rise substantially in 1971.

Also in 1970, AID-financed and PL-480 shipments accounted for a very substantial portion (up to two-thirds and three-fourths) of total U.S. exports to India, Pakistan, Afghanistan, Ceylon, Turkey, and Israel; they are expected to remain at comparable levels in 1971.

Commercial aircraft sales, aided by Export-Import Bank financing, have been a steadily growing item and the largest single U.S. commercial export. Sales totaled $186 milion in 1970 and could go well over $200 million in 1971. Special category and commercial aircraft sales between them may thus account for over half of the projected export increase of some $400 million in 1971.

Highly competitive market

Intense competition among suppliers from industrial nations has made this area a buyer's market which requires definite product superiority, or special terms and financing, or vastly added efforts at salesmanship.

U.S. suppliers have some advantages in product quality, especially in high technology fields. They are also aided by the factors discussed above. On the other hand, they are handicapped by real or exaggerated—but widespread—beliefs regarding higher prices of American products, higher freight cost, less favorable trade and financing terms, and the supposed indifference of American firms to remote, difficult, unstable, and relatively small markets.

In three important aspects (with exceptions, of course) our competitors have had more success than U.S. firms: accommodating to the market, product adaptability, and financing. It is difficult for U.S. firms to forget the almost continuous political instability in the area and to remember that "business as usual" is a reality. It is also difficult to adapt assembly line products for relatively small markets. By contrast, the recent relaxation of Eximbank lending requirements has already shown what financing can do.

Market is attractive

Lucrative opportunities are offered by increased revenues in most of the area, foreign lending, suppliers credits, and development projects (many with high import content). Accompanying these developments are signs of a resurgence of business confidence in such major markets as India, Lebanon, Iran, Saudi Arabia, Kuwait, and other oil producing countries, while a boom atmosphere prevails in Israel. The most notable exceptions to the generally optimistic forecast for the area are Pakistan and Turkey.

Development to increase

The outlook is particularly bright for the six countries—Iran, Saudi Arabia, Kuwait, Iraq, Abu Dhabi, and Qatar—which recently signed a new revenue agreement in Tehran with 13 oil companies. The agreement will mean a whopping five-year (1971-75) increment of $11.3 billion to their combined oil revenues. In 1971 alone their combined revenues will increase by $1.44 billion to about $6.5 billion. Some of these states have head-starts and will increase their tempo of development. Some of the Gulf principalities have just become rich and they need practically everything—through imports.

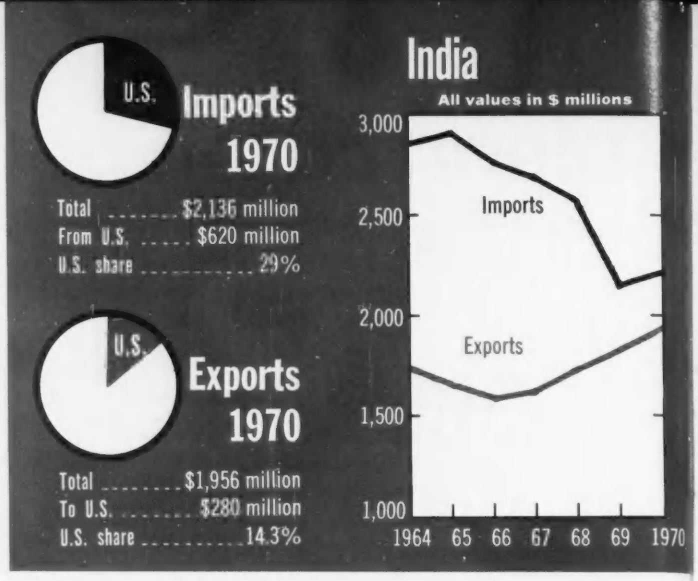
There will be time lags between receipt of this additional revenue and its expenditure for capital equipment. Nevertheless, the trade effects should begin to appear in 1971 as governments proceed with priority projects and put new ones on the drawing board in anticipation of increased revenues. A likely market for immediate tapping is engineering services and construction. Market expectations generated by the improved revenue outlook should also stimulate private economic activity and consumer goods imports during 1971.

The best sales opportunities (provided an adequate effort is made) are in earthmoving and construction machinery, heating and cooling machinery, mechanical handling equipment, power generating machinery, and transport equipment, which enjoy areawide acceptance.

India

Trade Gains Reflect General Upswing As Economy Shakes Off Recession

An upward climb in Indian imports has begun, reversing a period of decline over the past several years. After steadily falling (by 42 percent between 1965-69), India's total imports in 1970 continued almost unchanged from the preceding year at $2,100 million, reports Claude L. Clement, of Commerce's India desk. Moreover, expansive trends in both industry and agriculture now point to a period of import growth, with a rise of at least 5 percent projected for 1971.



India's economy is recovering from a recession and, thanks to a high level of foreign exchange reserves, the country is beginning to meet a large backlog of demand for agricultural equipment and industrial products. The emergence of a strong central government following the elections of last March makes it possible to implement existing and new programs.

Raw materials needed

Prime Minister Gandhi has announced that economic growth will be her first priority, and has indicated the need to secure large supplies of both agricultural and industrial raw materials, particularly steel. Though the business community has been encouraged by the Government's attitude, it has also been concerned by some of the socialistic policies it has announced and by the recent nationalization of general insurance.

A primary factor behind the economy's recovery has been the growth of agricultural output. Foodgrain production this year should reach a record 105 million tons, an increase of approximately 5 percent over the past crop year. It is the Government's declared goal that 1971 will be the last year in which foodgrains will be imported under PL-480 or other concessional terms. Nevertheless, demand is strong for U.S. products in other agricultural sectors, particularly cotton, vegetable oil, and tallow.

Industrial production was sluggish in 1970, rising by only 4.2 percent. This rate is expected to accelerate to about 7 percent in 1971, in response to rising agricultural incomes and consumer demand, as well as to systematic government support.

Even with the recent rise in imports, India's foreign exchange position remains strong. At the end of March, the country's official gold and foreign exchange reserves stood at $1,057 million, a fall of only $36 million during the past Indian fiscal year.

The import policy announced for 1971-72 should serve as a further boost to import growth. Procedures in the processing of import licenses will be simplified, while exporting sectors of the economy will be authorized to import increased levels of equipment and raw materials.

The most favorable prospects for U.S. exports to India in the coming months will be concentrated in the field of agricultural machinery, food processing machinery, aircraft and parts, and specialized machine tools and electronic equipment. The U.S. share of the total Indian import market has risen to 30 percent and is likely to continue through continued U.S. financing programs and the sale of various agricultural commodities. Moreover, projects for urban planning in both Bombay and Calcutta could become an opportunity for U.S. firms with advanced techniques in urban development, low-cost building machinery, and environmental equipment.

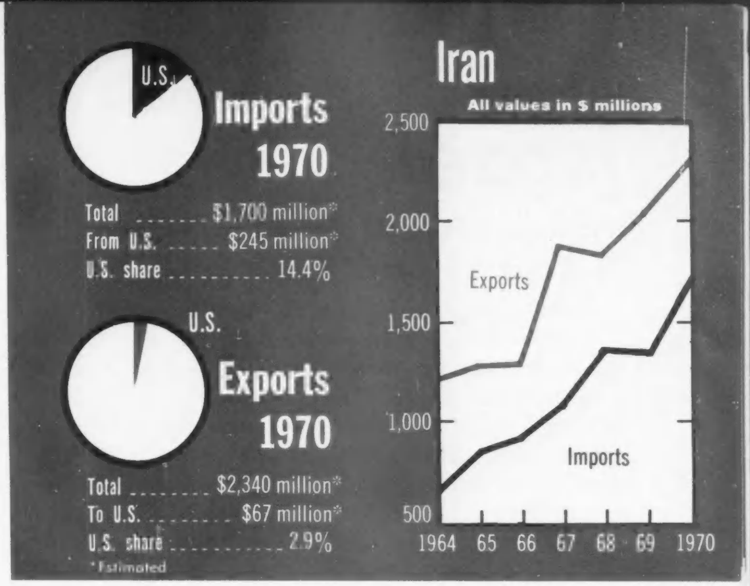
Government policies have become increasingly restrictive regarding the types of industry open to foreign investment, though industries which will be able to contribute to India's foreign exchange earnings are given priority. The investment climate is also affected by government programs based on social priorities at the expense of economic considerations.

Nevertheless, U.S. investors still show interest in India, especially since the midterm election and its promise of political stability. Primary areas of current investor interest include chemicals and pharmaceuticals, the tourist industry, agricultural machinery and specialized electronic equipment.

INDIA'S CHIEF IMPORTS FROM U.S.: foodgrains, machinery, metals, cotton, transport equipment, soybean oil. INDIA'S CHIEF EXPORTS TO U.S.: jute, edible nuts, fish and fish preparations, iron and steel, cotton fabrics, made-up textile articles.

Iran

Industrialization Drive Fuels Import Surge; U.S. Sales Could Jump 25 Percent



Imports 1970	
Total	$1,700 million*
From U.S.	$245 million*
U.S. share	14.4%

Exports 1970	
Total	$2,340 million*
To U.S.	$67 million*
U.S. share	2.9%

*Estimated

Iranian imports are expected to show a significant increase during 1970, as industrialization picks up. Purchases from the United States should also rise sharply this year, reaching as much as 25 percent over 1970 levels, according to Peter B. Hale of Commerce's Near East-South Asia Division.

Financed by increased oil revenues, the Iranian economic boom will gather new impetus during the second half of the year. The country's ambitious industrial development plans depend heavily upon imported capital goods, and as implementation of the plans is speeded up, the new oil revenues will begin to be spent quickly on imports of capital goods.

The January settlement with the foreign oil companies operating in Iran will provide substantially higher foreign exchange revenues for the country over the next five years, with $500 million more expected this year alone. This boost should help the Iranian economy increase its already rapid rate of expansion, with Gross National Product (GNP) bettering the 8 percent rate of growth registered in 1970. The balance of payments account will more than recover from the slight deterioration of last year. Business confidence is at a high level, due to the increased availability of foreign exchange and expansionary government spending plans, and new investment plans are starting to be implemented throughout the economy.

Industrial equipment needed

Sales prospects in Iran for American suppliers are excellent. The business climate is good, and Iranian imports should total well over $2 billion this year. U.S. sales should more than keep pace, with year-end totals considerably above the $326 million recorded last year. Based on Iranian statistics, which do not include sizable shipments of special category goods, the United States should strengthen its position as Iran's second leading supplier and improve its 1970 market share of 14.4 percent.

As business investment plans are implemented during the second half of the year, demand will be especially strong for imports of metalworking machinery, air conditioning and heating equipment, materials handling machinery, and specialized capital machinery for the textile, chemical and petroleum industries.

Plans for governmental investment in infrastructure projects are also moving ahead rapidly. Financing for these projects will come partially from Iranian sources, but increasingly from the World Bank and the export financing institutions of the various supplier countries, including the U.S. Export-Import Bank. Included among projects of this type are a major upgrading and expansion of the country's telecommunications system, providing both a microwave communications network throughout the country and a major modernization of the telephone system, new electric power production facilities, development of various mineral resources including the vast Kerman copper deposits, and an expansion of the production and use of fertilizers and modern agricultural equipment. The Iranian Government has also announced plans to construct new medical and educational facilities, which imply sales opportunities for medical, hospital, laboratory, and educational equipment and supplies.

***IRAN'S CHIEF IMPORTS FROM U.S.:** aircraft, motor vehicle and tractor parts, soybean oil, passenger cars and trucks, metal working machinery, telecommunications equipment. **IRAN'S CHIEF EXPORTS TO U.S.:** petroleum, sheepskins, carpets, edible nuts, gums and resins, spices.*

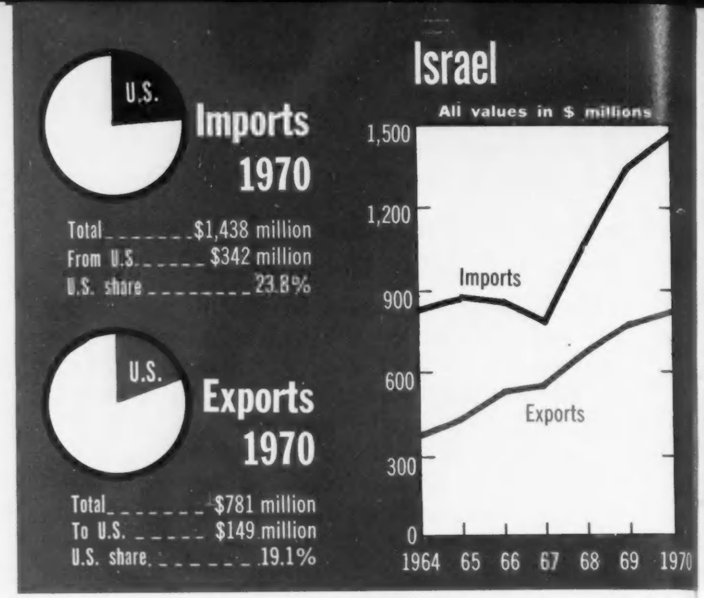
Competition in the Iranian market is keen from West European and Japanese suppliers. Financing terms are often the determining factor in winning a sale, and U.S. suppliers should give careful consideration to this part of their sales effort. The Iranians are experienced comparative shoppers however, and technological advantages of U.S. products can often overcome a seemingly more favorable offer from a third-country competitor.

In addition to sales opportunities, the prospects for potential U.S. investors are very good. The Iranian Government is actively seeking new foreign private investment in many industries as a means to encourage industrial development.

Israel

Vigorous Economic Growth Expected To Result In Record Import Levels

Israel's imports, which reached a record $1.4 billion in 1970—an increase of 9 percent over the 1969 level—are expected to continue to grow at about the same pace during 1971. It is anticipated that the U.S. will maintain its share at about 24 percent of this market, although the rate of growth in U.S. commercial exports (as distinct from special category shipments) will be hard pressed to keep pace with the overall increase in Israeli imports, according to Commerce Desk Officer for Israel, John P. Edwards.



The import situation is a reflection of the continued rapid growth of Israel's economy as a whole in the period since the 1967 war. This overall growth is likely to continue unless it is impeded by the two serious problems confronting the economy: the inflation which began in 1970, and massive trade deficits ($658 million in 1970) which have been financed by borrowings from abroad.

Growth in GNP

Israel's gross national product (GNP) grew by 9 percent in real terms in 1970, reaching $5.6 billion in current prices. While this rate was down from the 14 percent and 10 percent increases of 1968 and 1969 it is nevertheless an impressive figure. For 1971, the official Government of Israel forecasts predict growth at a rate of 8 percent, bringing the economy's output to slightly over $6 billion in 1970 prices.

This growth has not been without its drawbacks, however. Inflation began to show up during 1970—the consumer price index rose about 6 percent during the year, with an accelerating rate apparent in the closing months. In January 1971 the trend continued, according to Israeli statistics, which revealed a 2 percent rise in the consumer price index. Such price rises obviously impede export efforts on the part of Israeli firms, making the trade balance doubly difficult to control.

U.S. share held firm

The U.S. share of this growing market held firm during 1970, with 23.8 percent of all Israeli imports compared to 23.6 percent during 1969. This country's share has slowly fallen since 1966, however, and the U.S.'s top ranking may well be affected as a result of Israel's preferential trade agreement with the European Economic Community.

Under the terms of this agreement, which took effect last Oct. 1, the tariff rates which Israel charges items of EEC origin will be steadily reduced on an annual basis through 1974. When the preferential treatment under this plan is combined with the EEC's obvious advantage of geographic proximity, the seriousness of the competition is apparent.

ISRAEL'S CHIEF IMPORTS FROM U.S.: *foodgrains, soybeans, aircraft, machinery, passenger cars and trucks, telecommunications equipment.* ***ISRAEL'S CHIEF EXPORTS TO U.S.:*** *diamonds, tires, clothing, yarn and fabric, citrus and other food products, small machine parts.*

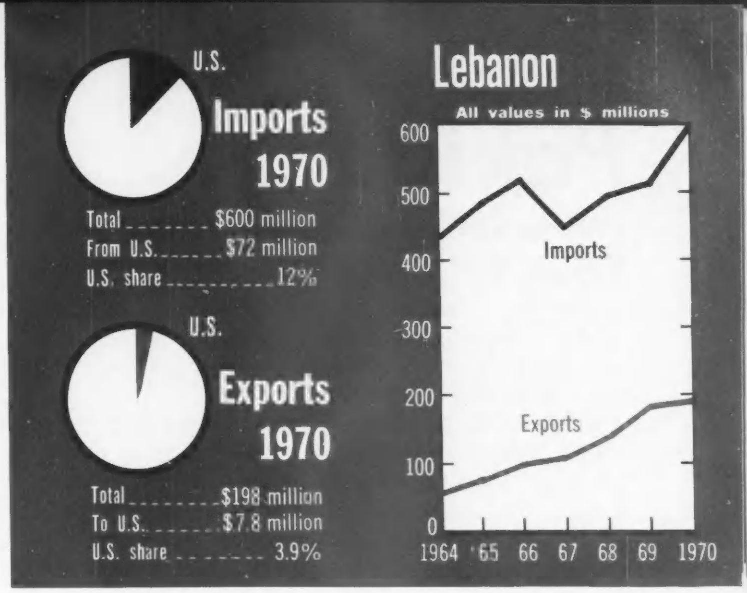
Current Israeli efforts to curtail overall imports include an import deposit scheme and a 20 percent ad valorem tariff surcharge. Under the prior deposit scheme, a deposit of 40 percent of the value is required on all goods which bear an import duty of 30 percent or greater. The deposit is retained by the Bank of Israel for six months and draws interest at an annual rate of 6 percent. The impact on U.S. sales has been felt most heavily in consumer durables—automobiles and television sets, for example. In mid-August 1970 a 20 percent ad valorem tax was imposed on almost all non-food imports, in addition to existing tariffs, concurrent with increases in income and purchase taxes. Both of these restrictions are expected to be maintained through the remainder of 1971.

The best prospects for increased U.S. sales are in those industrial areas currently being emphasized in Israel: metalworking, chemicals and electronics. U.S. manufacturers will be provided an excellent opportunity to enter this market when the Department of Commerce sponsors a solo exhibit in Tel Aviv next March 6-10. This show will feature electronic production aids, test equipment and instrumentation.

Lebanon

Prosperity Returning As Nation Resumes Role Of Marketing Center For Region

Lebanon's imports from the United States are expected to reach the $90 million mark this year—probably matching the record of 1969 and showing a respectable increase over the 1970 figure of $72 million, when the country's imports totaled $600 million. A continued stable political situation in the Near East is a prerequisite for this performance, since Lebanon's financial- and service-oriented economy is highly dependent on the confidence of those it serves, according to John P. Edwards, Commerce's Desk Officer for Lebanon.



The presence of 13 American banks in Beirut—seven of them operating full-service banking facilities and the remainder maintaining representative offices—stresses Beirut's position as the financial center of the Near East region.

After a long period when several banks closed and deposits fell in most others, renewed confidence in the Lebanese banking industry has come about as a result of the Government's rapid development of a deposit insurance plan and banking control legislation. On Feb. 1, commercial bank deposits stood at $1.1 billion—well above their level when problems first developed in 1966. Concurrently, the Central Bank's international liquidity position was $381 million—or enough for almost eight months' imports at the rate of last year.

Tourism plays key role

Tourism, yet another crucial element in the Lebanese economy, also seems to have regained some of its luster after a dismal period immediately following the 1967 war. The number of tourists rose six percent during 1970, to 822,000; and tourist spending increased ten percent to $132 million. Lebanon has been termed a "show-window" market, since these tourists, many of them from other Arab countries, discover items which they take home with them. Such sales, and the sales which follow, illustrate the importance of representation in this market.

The U.S. share of the Lebanese market was 12 percent in 1970, and it is likely that this position will be maintained in 1971. Long-term prospects depend, however, on placing more emphasis on light industrial equipment, which is expected to be the area of fastest growth. The demand for consumer durables—the traditional mainstay of U.S. sales to this market and its hinterland—will continue to be high, but growth will not be as rapid as in the industrial equipment sector. Recent trade opportunities submitted by the American Embassy in Beirut emphasize this. Inquiries have been received for such items as shoe machinery, metalworking equipment, printing machinery and a soybean oil solvent extraction plant.

LEBANON'S CHIEF IMPORTS FROM U.S.: aircraft, passenger cars and trucks, household appliances, medicines and pharmaceuticals, tobacco products, textiles. LEBANON'S CHIEF EXPORTS TO U.S.: tobacco, oriental goods, hides and skins, textile fibers.

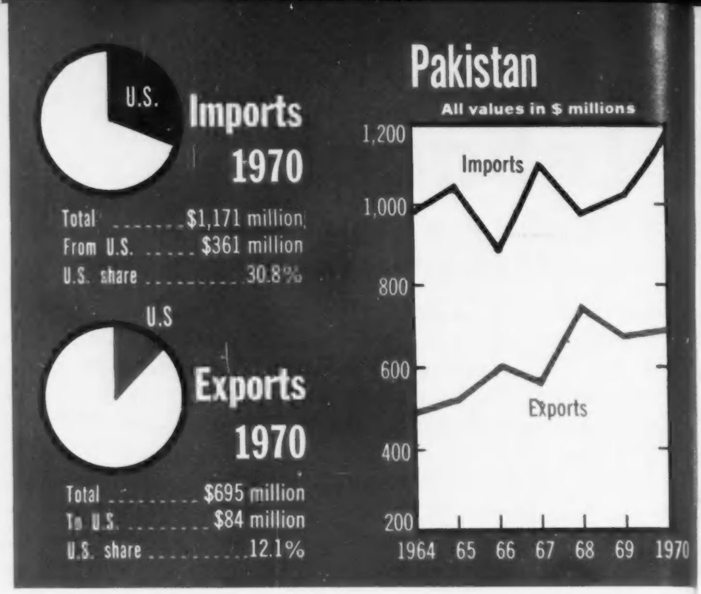
Businessmen are more likely to base their decisions for the purchase of these and similar types of capital equipment on such competitive factors as cost, productivity and service, rather than on style and prestige—the elements which lead to the sale of consumer durables. This increased competition which is already being felt in terms of an increasing market share on the part of suppliers from the European Economic Community (EEC), will become even more severe if a Lebanon-EEC preferential trade pact results from current negotiations.

Access to market

The American Embassy in Beirut offers a number of services which can provide U.S. business with a convenient and inexpensive access to this relatively small but highly influential market which opens the way to its vast hinterland: it publishes a commercial newsletter, the *Middle East American*, in Arabic and English; it operates a Regional Business Information Center; it makes available space in the Commercial Center in the Embassy for the display of products likely to find a market in the area; and it offers personalized service for American businessmen—both those new to the area as well as the veteran sellers.

Pakistan

Disturbances Dampen Economic Outlook; Foreign Debt Payment Moratorium Set



The extent and pattern of Pakistan's future trade is still uncertain, but what seems certain is that commercial imports (both in general and from the U.S.) will decline substantially.

Frederic W. Siesseger, of the Commerce Department's Pakistan Desk, reports that military action in East Pakistan beginning in March further weakened the already unfavorable balance of payments and foreign exchange reserve position. On the domestic side, the hostilities imposed an additional drain on the West wing economy and the East wing's economy is at a near standstill.

As a result, Pakistan's gross national product (GNP), which registered growth of 5.8 percent to $11.4 billion in fiscal 1970, is not likely to rise more than 2-3 percent in fiscal 1971.

Physical damage to economic infrastructure (particularly railroads and internal communications) and disruption of normal marketing mechanisms in the East wing will adversely affect prospects for economic growth in the near future.

Rice crop damaged

Agricultural production in the West wing has tapered off and there will probably be no increase in fiscal 1971. Flooding and last November's cyclone seriously damaged the rice crop in East Pakistan, and that wing continues to suffer a foodgrain deficit requiring large, and perhaps increased, imports of wheat and rice this year. Moreover, distribution of imported goods is still a major problem.

Industrial production, which is largely concentrated in the West, declined in the first seven months of fiscal 1971 and the prospect is for a continued slowdown. This will result in part from the effects of foreign exchange stringencies on import-dependent West wing industry, the interruption of exports from West to East, and the continuing disruption of East wing industrial production. Business confidence has been further shaken by recent events, and a "wait-and-see" attitude on the part of private entrepreneurs is likely to continue until political stability returns.

In addition to mounting domestic fiscal problems resulting from the situation in the East wing, the Central Government faces serious further deterioration in its external accounts position. Imports, which through the years have consistently outstripped exports by a large margin, reached an all-time high in 1970 while exports stagnated and the trade deficit was $476 million.

Also, external debt servicing drained almost 20 percent of exchange earnings. Foreign exchange reserves dropped from $340 million early in 1970 to $140 million by this March. A major loss of income this year will result from the suspension of East wing exports, principally jute and jute products, which have been the country's major exchange earner.

PAKISTAN'S CHIEF IMPORTS FROM U.S.: wheat, soybean oil, aircraft, iron and steel products, fertilizers, and textile, construction and mining machinery. PAKISTAN'S CHIEF EXPORTS TO U.S.: jute woven fabrics, cotton fabrics, shellfish, raw jute, clothing, floor coverings.

On May 1, the Pakistan Government declared a six-month moratorium on its foreign exchange debts to the 11 member governments of the Aid-to-Pakistan Consortium, during which it will deposit the rupee equivalent in escrow. In addition, major recent changes in the import policy for the private sector raise the effective exchange rate on most commercial imports and ban imports of many finished consumer goods. Government sanctioning of supplier credits to finance imports remains extremely restricted.

U.S. exports

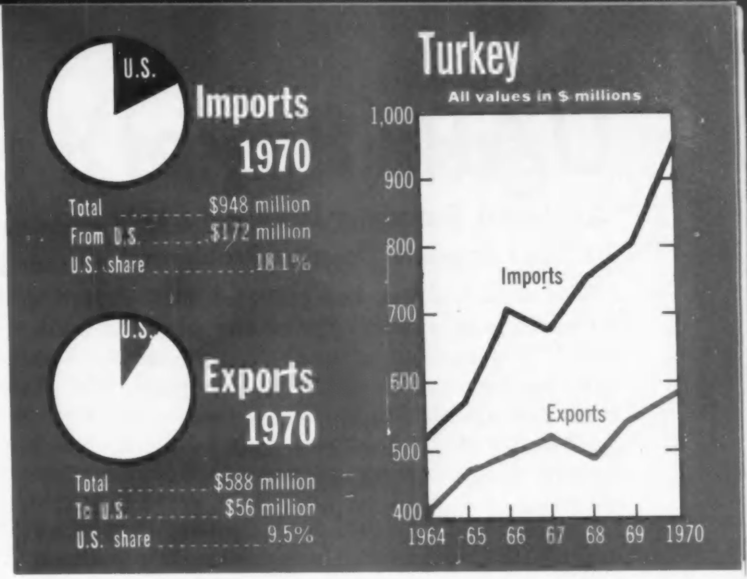
Due to a greatly expanded PL-480 program in 1970, East Pakistan's imports from United States rose markedly to $161 million, and the U.S. share of the market reached 37 percent. Yet, over 55 percent ($200 million) of Pakistan's 1970 imports from the U.S., and 63 percent ($731 million) of imports from the world, went to the more industrialized West wing.

While the level and market share of U.S. exports this year is still unclear, commercial sales (which have represented about one-fourth of the U.S. total in recent years) are certain to decline.

Turkey

New Trade Policies Cause Uncertainties As State Entities Get Stronger Role

Total Turkish imports in 1971 are expected to remain close to the $948 million level recorded last year. Imports from the United States should record a slight decline from 1970 totals, reports Commerce's Desk Officer for Turkey, Peter B. Hale.



The Turkish economy began the year with a continuation of the upswing resulting from last August's devaluation and related financial measures. However, strikes, student disorders, declaration of martial law and the new economic policy of the government have caused a marked slowdown in economic activity. Trade levels are, therefore, unlikely to record the previously anticipated increases.

The present non-party government was formed in late March with the express purpose of reestablishing order and improving the deteriorating economic picture. It is still getting established, but has already announced a number of measures affecting foreign trade and other facets of the economy. Its pronouncements to date have indicated a basic shift in the balance between state enterprise and the private sector in favor of emphasizing development of state enterprise.

In spite of assurances that the private sector will continue to play an important role in Turkey's economy, the business community appears to have become very cautious and adopted a "wait-and-see" attitude toward new commitments.

New economic ministry

The Cabinet has been reorganized, and a new Ministry of Foreign Economic Relations created. This Ministry pulls together various functions, including the control of imports, exports and foreign investment, that were formerly shared by the private sector and several government agencies.

In the foreign trade area, a new control system has been established. Although all of the proposed decrees have not yet been published, a number of fundamental changes have been made. One of the most important is the shift eliminating the private sector's role in determining import priorities, giving this function entirely to the new government ministry. In addition, a new system of prior pricing has been introduced for both imports and exports, again under the control of the new ministry.

Since these changes were introduced in April, foreign trade, especially that conducted by private interests, has almost come to a standstill. Although some increase in activity is anticipated as the regulations are clarified, inventories of imported goods are drawn down and the fall export season arrives, the regulations as currently proposed will probably continue to inhibit trade.

***TURKEY'S CHIEF IMPORTS FROM U.S.:** wheat, iron and steel, motor vehicle parts and accessories, aircraft, telecommunications equipment, electric power machinery. **TURKEY'S CHIEF EXPORTS TO U.S.:** tobacco, chrome ores and concentrates, edible nuts, clothing, textiles and yarn, tires.*

The government has also announced strict criteria for the approval of new foreign investment. The governmental approval authority has been vested in the new Ministry of Foreign Economic Relations, which has announced that future applications for foreign investment will be judged on the following basis: capacity for export; provision for majority Turkish ownership; ability to induce inflows of technology; and utilization of economies of scale.

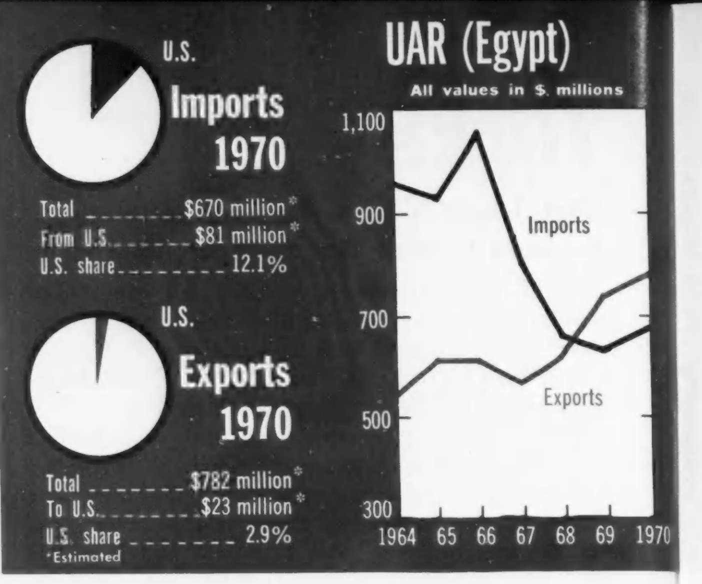
Promising sales opportunities

In spite of these problems, Turkey still offers some promising sales opportunities for U.S. suppliers. A number of industrial and infrastructure projects which will require imported equipment are near the implementation stage. An expansion of agricultural exports is being pushed, and purchases of agricultural implements, fertilizers, refrigerated storage and transport equipment and food processing machinery are expected.

In addition, important expansions are planned for the textile, petrochemical and metalworking industries. Infrastructure projects scheduled include an expansion of irrigation facilities, new electric power production and transmission facilities, and development of mineral resources.

UAR (Egypt)

Continued Economic Upswing Likely To Spur Imports Despite Problems



The UAR market has provided U.S. exporters with major sales gains during the past two years, and 1971 shapes up as another good year for U.S. exports. Commerce's UAR Desk Officer Albert J. Planagan makes this prediction despite the likelihood that total UAR imports may be held in check because of continuing balance of payments difficulties.

The economy continues on an upswing that began in early 1969, with overall industrial and agricultural output up five percent for the fiscal year ending in June 1970. Tourism appears to have picked up since the ceasefire that began last August. The Government's decision to lower the prices of many basic consumer products has served to stimulate demand.

Perhaps the most important factor in this upswing, however, has been the strong growth in petroleum production and exports. Daily production was averaging a reported 400,000 barrels by December, and petroleum exports for the six-month period ending that month were up 20 percent to $36 million. The March discovery by AMOCO of substantial oil deposits in the Western Desert opens possibilities for Egypt's future role as a net exporter of petroleum.

Financing arrangements for the construction of the Suez-Mediterranean pipeline with most of the governments of Western Europe and several U.S. companies have resulted in pledges of almost $238 million. UAR oil authorities hope to have the pipeline in operation by late 1972.

Against these favorable developments are a problem of population (now estimated at 34 million), maturing foreign debt obligations in excess of $800 million over the next three years, and the immediate effects of unsettled political conditions in the region.

The foreign exchange shortages will be difficult to overcome because although there has been an improvement in the balance of payments—from a negative figure to a modest surplus—the trade deficit is still very wide and stubborn. For the fiscal year ending in June 1970 import payments of $1,088 million substantially exceeded exports of $800 million, and exchange reserves dropped sharply. Major import categories continue to be basic consumer goods, raw materials, and semimanufactured products.

Increasing dollar volume

On the other hand, foreign exchange has been made available for essential purchases, and U.S. exporters are selectively increasing their dollar volume as well as their share of the UAR market through increased sales of aircraft, oils and fats, and power generating equipment. In addition to the foregoing, 1971 sales prospects look good for pesticides, fertilizers, pharmaceuticals, mining, irrigation, and construction equipment.

UAR'S CHIEF IMPORTS FROM U.S.: aircraft, animal oils and fats, construction and mining equipment, organic chemicals, power generating equipment, wheat. UAR'S CHIEF EXPORTS TO U.S.: petroleum and its products, cotton textiles.

Good opportunities also exist in conjunction with several major development projects that were originally proposed as part of the Third Five-Year Plan. Although this plan is not being implemented, many of its projects are getting under way, utilizing a variety of international financing and technological resources. U.S. companies are expressing interest in several UAR tourism and fisheries projects. In mid-March the Soviet Union granted $308 million in long term, low interest loans to finance cement, textile, phosphate, iron and steel, and electrification projects. The Czechs are doing a study for the creation of a major petrochemical complex, the actual construction of which is being discussed between several Western European groups and the Egyptian Government.

On yet another front, and of interest to U.S. exporters, the first tenders for pumping and tile-laying equipment have been announced for the $26 million World Bank-financed Nile Delta Drainage Project. Additional tenders are expected shortly. A second large World Bank loan for modernization of the railroad network is also under discussion.

African Imports Keep Rising

Capital Goods For Development Projects Spearhead Increasing U.S. Sales

Boosted by large aircraft and other capital goods sales, U.S. exports to Africa should reach the $1.7 billion mark in 1971. James W. Wilkes, of Commerce's Africa Division, states that the expected increase of 15 percent will top last year's advance. Other factors in this favorable outlook include: stepped-up mineral exploration and mining activities; growing expenditures for development projects; significant increases in the level of multinational and Export-Import Bank financing; and continued financing of exports under U.S. assistance programs.

Leading purchasers

The Republic of South Africa, Nigeria, and Libya should continue as the leading purchasers of American products on the African continent in the last half of 1971. Last year, these three countries accounted for 54 percent of the total $1,476 million in U.S. sales to Africa. Fed by a growing demand for all types of transport equipment, U.S. shipments to South Africa are projected to increase 12 percent over 1970 to a record of $630 million in 1971. Advancing reconstruction and development programs and further expansion in the petroleum sector should swell U.S. exports to Nigeria, Africa's second-largest import market, to $200 million for a 30 percent gain over last year's sales. Resumption of Development Plan spending by government entities and the sale of two aircraft should nudge U.S. exports to Libya to the $120-million mark, or 4 percent over the 1970 total.

Sales to other leading U.S. markets in Africa—Algeria, Congo (Kinshasa), and East Africa—should also expand significantly. Analyses of U.S. trade prospects with these countries and the "big three" mentioned above follow in the individual country summaries.

The outlook for U.S. products continues encouraging in a number of other country markets, with the major exception of **Morocco**, the fourth-largest purchaser of U.S. products in Africa last year. U.S. exports to that country will probably decline by about 12 percent to $70 million in 1971 due to a reduction of PL-480 and Commodity Credit Corporation programs there.

U.S. exports to **Ghana** should expand as the Government moves ahead with its economic reform and liberalization program by implementing such measures as a reduction in quantitative import controls and exposing old state corporations to market forces.

Increased financing of construction projects by the World Bank and AID in **Liberia** should help expand U.S. exports to $53 million in 1971, a gain of 15 percent.

Continuing AID and PL-480 programs and a rapidly expanding tourist industry should maintain U.S. exports to **Tunisia**, the eighth-ranking African customer for U.S. products, at about $50 million.

Zambia's continuing need for capital goods to implement economic development objectives will provide the impetus for increased U.S. exports in 1971. A $7 million sale of locomotives and other railroad equipment to Zambia should push U.S. exports to $47 million this year.

Increased road construction plus expanded mining activities in **Angola** should advance U.S. exports to this country to well over $40 million in 1971.

Boosted by a rapidly rising gross national product ($1.3 billion in 1970), rising per capita incomes, and the expansion of infrastructure projects, U.S. exports to **Ivory Coast** should rise from $31 million in 1970 to $34 million in 1971.

Declining cocoa, copper, and rubber prices could cause a reduction in the earning and global import capacities of several African countries, including Zambia and Congo (Kinshasa) (copper); Ghana and Ivory Coast (cocoa); and Liberia (rubber). However, continuing aid programs and the need for capital equipment in most of these countries will sustain U.S. sales. Also, high prices for iron ore, petroleum, and coffee should boost or help maintain the import capacities of Liberia (iron ore), Algeria, Libya, and Nigeria (petroleum), and Ivory Coast, Ethiopia, and Angola (coffee).

Obstacles to U.S. trade

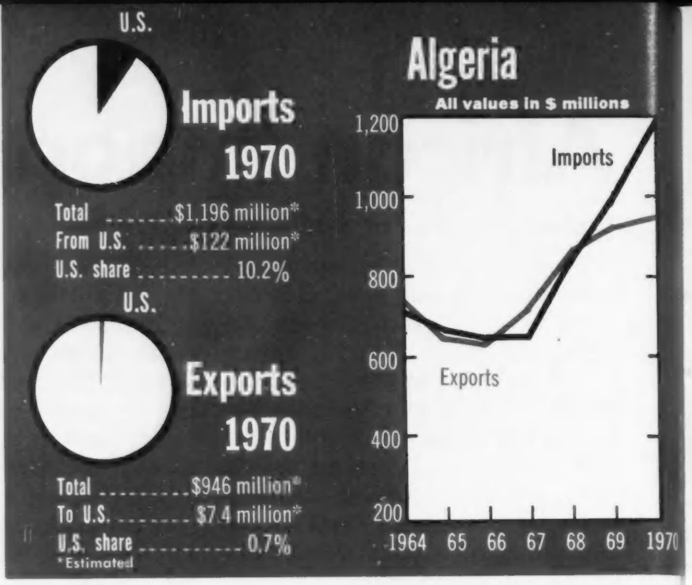
Continuing obstacles to U.S. trade in Africa include: the real and psychological effects of the association of more than half of the African countries with the EEC; increasing third-country competition, particularly from the Japanese; and insufficient awareness of the African market by U.S. exporters.

In an effort to overcome these obstacles, the U.S. Department of Commerce has stepped up its trade promotional activities on the African continent. In line with this effort and based on the success of two recent specialized missions featuring agricultural equipment, an agricultural trade mission is scheduled to visit North Africa this fall.

Due to increased expenditures for transportation and other infrastructure projects, capital goods should continue as the best U.S. sales prospects to the African continent in the latter half of 1971.

Algeria

U.S. Business Involvement Growing; Export Sales Almost Double In 1970



Sparked by the gathering momentum of the nation's $5.5 billion Development Plan and financed by higher petroleum revenues, Algerian import expenditures are expected to reach a new high in 1971. With projected imports in excess of $1 billion, Algeria will rank among Africa's leading import markets, according to Commerce's Algerian Desk Officer, Maureen R. Smith.

U.S. suppliers, currently holding second place in Algerian import figures, are expected to gain more than their share of these new import orders; U.S. exports for the year could come close to $90 million.

Oil earnings rise

With an estimated 1970 gross domestic product in excess of $4 billion and a projected growth rate of approximately 9.5 percent, the Algerian economy promises to generate a continuing high level of import demand during 1971. Oil revenues account for some 25 percent of this total, and the recently announced increase in petroleum prices should be reflected in still higher levels of government financial resources available for development spending.

U.S. business involvement in the hydrocarbons sector has expanded rapidly in recent years and, with the settlement of all outstanding U.S. oil company claims against the Algerian Government, the prospects for American business in Algeria now seem better than ever.

The Algerian Development Plan allocates about $900 million to hydrocarbons projects, the largest of which is a natural gas liquefaction plant to be built at Arzew in connection with the proposal to sell gas to the El Paso Natural Gas Co. U.S. exports associated with this project alone could total $1 billion over the next three years.

Unless and until LNG shipments to the United States begin in 1973, foreign exchange, and particularly dollar availabilities, will remain a problem. Algerian foreign exchange reserves, which stood at $1.6 billion as of December 1970, are expected to be under severe pressure as development-plan spending builds to a peak of $1.5 billion annually in 1973.

Eximbank lending, currently ranging from aircraft to locomotives to irrigation, will be available to meet the growing demand for financing on U.S. projects. Pending Algerian requests for assistance could bring Eximbank exposure in Algeria to over $500 million, including almost $300 million for the El Paso project.

Sales doubled

Although Algerian data for 1971 are not yet available, U.S. Census figures show U.S. exports amounting to $36.8 million for the first four months of the year. This is almost double the comparable figure for 1970, when total U.S. sales reached the $62 million level.

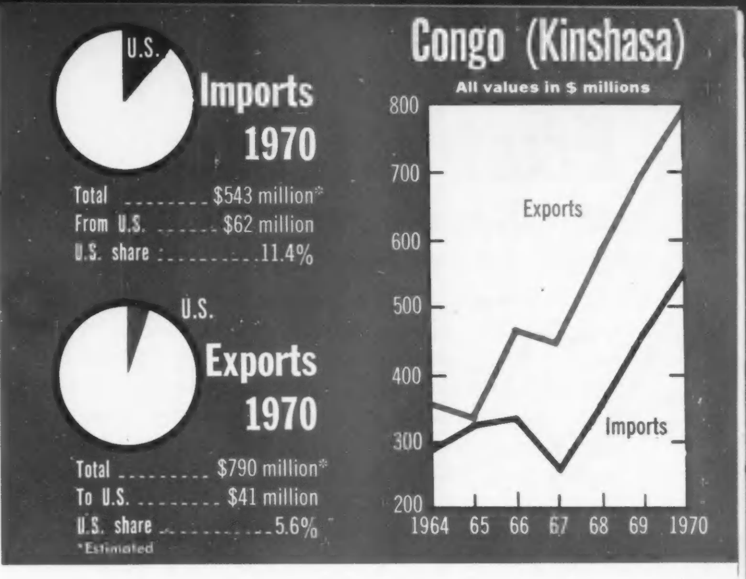
Substantially increased sales of aircraft and parts and wheat are in large measure responsible for this improved sales performance, and these two commodity groups are likely to continue to lead the general advance for the remainder of the year. Wheat purchases for the year will probably exceed $30 million. Anticipated delivery of two Boeing 737 aircraft later in 1971 could boost the U.S. aircraft total to a new record high for Algeria.

The United States also recorded solid gains in virtually all other export categories listed. Strong early trends in cotton, animal oils and fats, power generating machinery, agricultural machinery, passenger vehicles, tools, engines, gas turbines, heating and cooling equipment, and pumps and centrifuges should continue for the rest of the year. Construction and mining equipment sales, down during the first four months, should recover later in the year, as scheduled development projects get under way. Finally, delivery of 29 locomotives, spare parts and related equipment to the Algerian national railway, scheduled to begin in June, should add $10 million to the 1971 sales total.

ALGERIA'S CHIEF IMPORTS FROM U.S.: cereals, construction and mining equipment, passenger cars and trucks, electric measuring and controlling devices, pumps and centrifuges, animal oils and fats. ALGERIA'S CHIEF EXPORTS TO U.S.: petroleum and its products, natural and manufactured gas.

Congo

Trade Expansion Continues Despite Sharp Decline In Copper Prices



Despite sharp decreases in 1970 copper prices and consequently declining foreign exchange reserves, Congolese imports should continue to grow at a moderate pace during 1971 as major development projects, requiring substantial inputs of capital equipment, are implemented and as consumer purchasing power rises under the impetus of wage increases and relatively stable prices. The 1971 outlook could dim if decreasing foreign exchange reserves were to prompt the Congolese to impose restrictions on imports, although the Government so far has stuck closely to the liberalized import policies adopted following the mid-1967 monetary reform.

Carolyn K. Klein, Commerce's Congo Desk Officer, states that the briskly rising level of gross domestic product and the recent modest rebound of copper prices are contributing to 1971's projected trade expansion. Substantial gains throughout the economy pushed the GNP up from the 1969 level of $1,759 million to an estimated $2,020 million, a rise that is expected to continue. Particularly large increases are expected in mining, agriculture, and manufacturing with lesser ones in private and public services.

Copper prices recover

The price of copper, on which the Congo is strongly dependent for its foreign exchange earnings, dropped 34 percent from April 1970 to December 1970. This year some recovery is indicated, as copper prices climbed during the January-April period. This rebound will, if maintained over the balance of the year, result in an extra $60 million in export earnings.

In recent years, the U.S. share of the Congolese import market has shown a declining trend, from around 34 percent in 1964 to less than 11 percent in 1969. In 1970, however, due mainly to two or three large sales of expensive items, this trend was apparently reversed. Total U.S. exports to the Congo were $62 million in 1970, up substantially from the 1969 level of $44 million.

Under the stimulus of several major loans, 1971 Congolese purchases from the United States should grow more rapidly than overall imports, to approximately $77.5 million. The import requirements of several recent major U.S. investments, notably in the mineral exploitation field, and the delivery of four airplanes will also help raise the level of U.S. exports to the Congo.

New opportunities for the American exporter should appear as the trend away from Congolese reliance on Belgium fosters the gradual diminishing of Europe as the first-thought-of source of supply and provides an opportunity for American business to take up the slack.

CONGO'S CHIEF IMPORTS FROM U.S.: aircraft, construction and mining machinery, wheat flour, passenger cars and trucks, mechanical handling machinery, engines. CONGO'S CHIEF EXPORTS TO U.S.: base metals, coffee, rubber, manganese ore, industrial diamonds, palm oil.

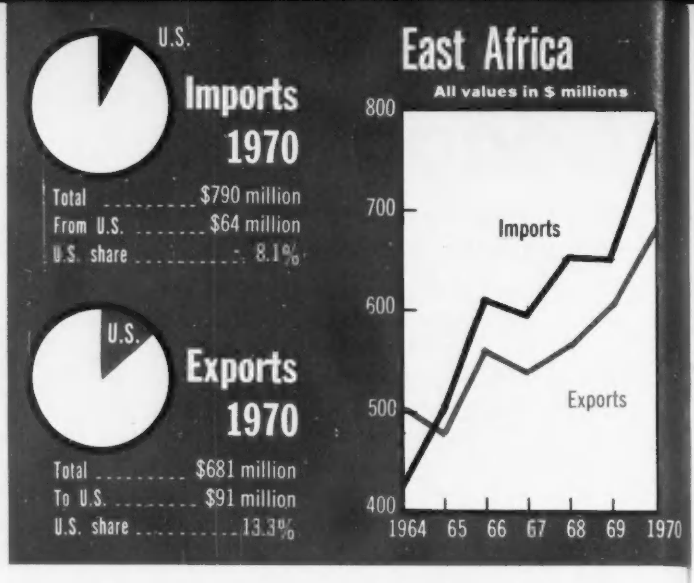
No longer will the Congolese businessman turn automatically to Belgian suppliers as has been traditional. Rather, he will develop more of a tendency to seek the best deal in terms of c.i.f. price and credit terms. Often, particularly in the area of industrial machinery and equipment, the American deal is the best deal. In general, however, the American manufacturer must sell more aggressively, adapting credit terms, delivery terms, and after-sales support to the needs of the local purchaser if he expects to capture more than a token share of Congolese import business.

Direct trade a must

Early last year, the Congolese Government announced that after Dec. 31, 1970, no foreign firms can be represented in the Congo by an intermediary. So far this regulation has only been applied to automobile dealerships; however, the door is open for its extension. American businessmen must make an effort to find qualified Congolese distributors or, at least, firms with Congolese participation; over-reliance on European-located middlemen in the face of the Congo's determination to establish direct U.S.-Congolese trading relationships will seriously diminish U.S. ability to penetrate this lucrative market.

East Africa

U.S. Exports Shoot Upward In 1971; Investment Policies Are Modified



U.S. exports to the combined Kenyan, Tanzanian and Ugandan market promise to register a sizable gain in 1971, reports Susan P. Hansen, Commerce's Desk Officer for the region, although the performance may not equal the 50 percent-plus sales increase that was recorded last year. U.S. exports are expected to be buoyed by East African requirements for capital goods in completing a number of internationally-funded projects and by several large U.S. sales, particularly of transportation equipment. Delivery of McDonnell-Douglas DC-9 aircraft to East African Airways early this year has already boosted 1971 export totals.

According to East African trade statistics, the region's imports from the United States jumped by approximately 55 percent last year—from $41 million in 1969 to $64 million in 1970. A minimum increase of 20 percent in U.S. sales to East Africa is anticipated in 1971.

Bigger U.S. share

Owing to the larger 1970 sales totals, the United States has increased its share of the overall $790 million East African market—to 8.1 percent. However, the United Kingdom, Japan and West Germany, East Africa's three principal suppliers, offer stiff competition to expansion of the U.S. market position. Exporters of these three countries remain strong contenders in the tri-national East African market owing not only to the attractive prices which they offer, but also to the convenient financing and servicing arrangements that they provide.

Some of the most promising categories offering U.S. sellers opportunities to meet this foreign competition have consistently been in organic chemicals and insecticides; pharmaceuticals; transportation equipment, including light aircraft and motor vehicles; construction and industrial machinery; kraft paper; and certain foodstuffs. These categories, along with telecommunications equipment, should continue to find good openings in the East African market.

Equipment to service the agricultural backbone of the East African economy will also remain a leading import requirement; U.S. market performance in this category should be bolstered by sales realized during the March 1971 visit of a U.S. Agricultural Development Mission to eastern Africa. In addition, the U.S. Embassies in Nairobi and Kampala are currently planning to hold "catalog shows," featuring American agriculture equipment suppliers, in a further effort to acquaint East African purchasers with U.S. products.

The U.S. business community should note that, as of mid-March 1971, Kenya and Tanzania have placed temporary restrictions on the convertibility of foreign exchange and national currencies in the East African area—an action which Uganda had taken earlier in 1970. While this situation is not expected to create major difficulties or unduly disrupt trade in the East African Common Market (EACM) area, it may result in slower payments for transactions between the EACM member states.

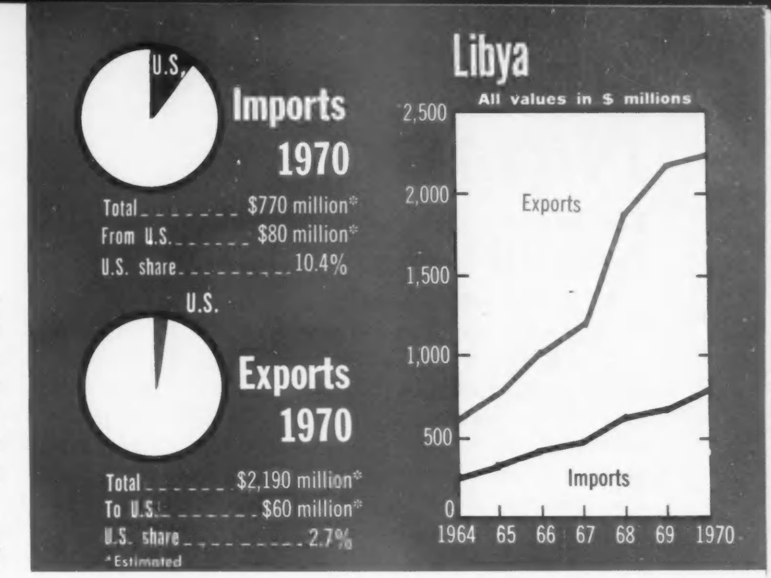
In addition, an association agreement between East Africa and the EEC came into effect on Jan. 1, 1971. Under the trade provisions of the accord, which runs until Jan. 31, 1975, the East Africans have agreed to grant tariff preferences ranging from 2 to 9 percentage points on 58 commodities, in exchange for easier access to European markets for East African agricultural products.

The Ugandan Government has recently announced major modifications in its investment policy. In revising the year-old nationalization scheme, the new Ugandan Government has stated that it will retain a 60 percent interest in only seven companies, subject to requests for review. A 49 percent public sector holding will be taken in certain commercial banks, insurance functions and steel and sugar production, with the remainder of the affected business continuing as privately-run enterprises.

EAST AFRICA'S CHIEF IMPORTS FROM U.S.: transportation equipment including aircraft and railroad cars, construction machinery, kraft paper, industrial machinery, insecticides, pharmaceuticals. EAST AFRICA'S CHIEF EXPORTS TO U.S.: coffee, tea, spices, cordage, sisal, edible nuts.

Libya

Revenues, Reserves Mounting; Reversal Of Downturn Expected



Resumption of Development Plan spending by government entities and early signs of recovery in the private business sector should be reflected in somewhat higher levels of Libyan imports for both development and consumption in 1971. Maureen R. Smith, Commerce's Desk Officer for Libya, notes that aggregate imports for the year could well reach $780 million.

U.S. suppliers, currently holding second place in the Libyan market, stand to gain from the return of more stable conditions in the critical petroleum sector. U.S. exports, approximately 60 percent of which are tied to the ordinary and development operations of the predominantly American-owned oil companies, probably will come close to the $120 million mark for 1971. Although this figure is somewhat below the 1968 (pre-revolutionary) high of $159 million, it would be a 15 percent improvement over the previous year and reflects the restoration of more normal economic and business conditions in Libya.

Reserves mounting

The principal factor underlying the projected steady expansion of Libyan imports is the growing wealth of the Libyan market itself. Recent estimates place 1970 GNP at $3.3 billion. Oil revenues account for 80 percent of GNP and, at the recently-renegotiated price for Libyan crude, national income is climbing rapidly. Government revenues for 1971 will probably exceed $2 billion and, even allowing for no increase in oil production, will probably rise to $3 billion thereafter. If present trends continue, Libyan foreign exchange reserves, which currently stand at close to $1.6 billion, could rise to more than $6 billion by 1973.

With more-than-adequate dollar availabilities and previous exposure to U.S. technology in the petroleum sector, Libya represents a potential market which the U.S. exporter cannot afford to ignore.

Libyan data for 1971 are not yet available, but U.S. Census figures for the first four months show U.S. exports amounting to $39.3 million, some 20 percent below the figure for the comparable period of 1970. Although there was a marked increase in aircraft sales, U.S. exports declined in virtually all other categories listed. This trend is expected to reverse itself later in the year, as lagging import orders catch up with the revived pace of business activity in Libya.

A leading bright spot in the U.S. sales picture for the year is the delivery of two Boeing 727 aircraft valued at approximately $15 million to Libyan Arab Airways. Although not included in current estimates, prospects for additional U.S. aircraft orders appear to be especially good as the national airline prepares to retire its Caravelle fleet and expand international route coverage.

LIBYA'S CHIEF IMPORTS FROM U.S.: pumps and centrifuges, gas turbines and parts, construction and mining machinery, iron and steel pipes and fittings, electric power machinery and parts, aircraft and parts. LIBYA'S CHIEF EXPORTS TO U.S.: petroleum, crude and partly refined.

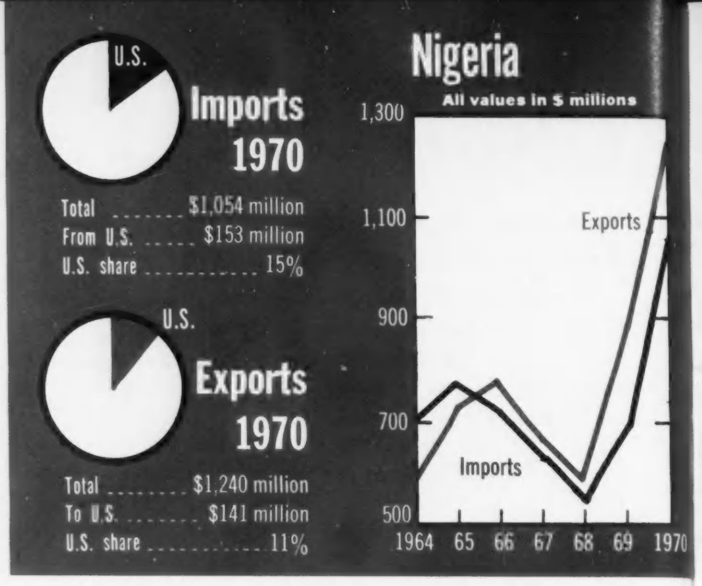
Settlement of the posted price issue and related questions surrounding the future status of the foreign oil companies should spur imports of oilfield equipment, of which the United States is the leading supplier. Reinvestment commitments by the foreign oil companies included in the recent price settlement indicate that import demand in the petroleum sector may soon be out of the doldrums.

Imports of construction machinery and industrial equipment by private-sector buyers should exhibit a moderate rising trend, as business confidence returns following recent government pronouncements designed to stimulate investment activity. Price competition from Eastern European suppliers of construction equipment is particularly strong, however, and sales of more expensive U.S. equipment may register some long-term losses in this area.

Picking up the slack in private-sector investment, Government programs are expected to spark a revival of import spending, as Libyan ministries concentrate on implementation of the $840 million development budget for 1971/72. Major areas of development expenditure for the year ahead include: agriculture and agrarian reform; industrial expansion; petroleum; communications and transportation; and housing.

Nigeria

Post-War Growth, Trade Liberalization Create New Commercial Opportunities



Continued, rapid expansion of the Nigerian import market is forecast for 1971, according to Joanne B. Kay, Commerce's Desk Officer for Nigeria. Although the rate of increase will not match the spectacular growth achieved in 1970, the first post-war year, the United States should be able to take advantage of the new opportunities arising for trade and investment and increase its sales to the neighborhood of $200 million.

Among the prime factors responsible for boosting the outlook for American exports are the recent lifting of most import restrictions, the commencement of reconstruction and development programs throughout the country, further expansion of the booming petroleum sector, and the recent signing of a $15 million AID loan and an $80 million IBRD loan, both for the financing of commodity import programs.

The Second National Development Plan 1970-74, which projects an average annual growth rate of 7 percent over the plan period, is guiding the country back toward full economic recovery. Progress achieved to date indicates that the target is likely to be met.

Growth rate doubled

GNP for 1970 topped $4.4 billion in constant 1962 prices, an increase of 4.8 percent over the previous year and double the 1969 growth rate. In the more heavily damaged areas of the country, business and trading patterns are being re-established, while overburdened infrastructure is being repaired in other sections.

Although faced with problems of inflation and a current shortage of foreign exchange, Nigeria's long-term prospects are bright. Buoyed by rising petroleum exports, whose contribution to the economy was further augmented this spring by the upward negotiation of tax terms, the country is confident of its ability to weather present difficulties and to surpass pre-war development levels. While 1970 was a disappointing year for agricultural production, the industrial and construction sectors continued to enlarge their output.

Dramatic U.S. gain

The performance of the domestic sector of the economy mirrored a sizeable upward trend in foreign trade. Total Nigerian imports rose by 51 percent in 1970 to $1.1 billion. The United States continued to show strength in the second largest African market for American products. Imports from the United States reached $153 million, or 15 percent of total purchases, a jump of 86.6 percent over 1969.

In April of this year the Nigerian Government provided a further impetus to foreign exporters by removing a substantial number of import restraints. Only a few products remain subject to import licenses or absolute prohibitions.

Intensified competition?

U.S. suppliers may face intensified competition on the part of nationals of several countries, particularly the Japanese, who formerly faced additional import restrictions. A new exchange control system was also introduced to eliminate some of the previous uncertainties surrounding payments for imports. For a limited number of "essential" items, foreign exchange will now be remitted after 90 days, while other items require a wait of 180 days. Capital imports valued over $70,000 will be paid for over periods ranging up to seven years. Despite the discouraging effects of such delays, U.S. exporters are urged to use the favorable opportunity afforded by the recent trade liberalizations to expand their sales to Nigerian customers.

Prospects now appear especially bright for American exports of petroleum, transport, construction, and power transmission equipment; textile, agricultural, and food processing and packaging machinery; and for the first time since the war, consumer items such as home appliances, specialty foods, sports equipment and clothing.

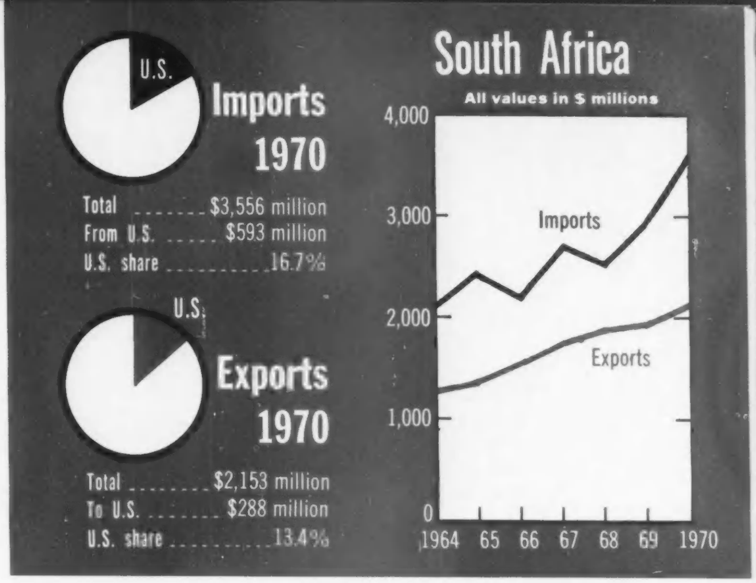
NIGERIA'S CHIEF IMPORTS FROM U.S.: cereals, construction and mining machinery, pumps and centrifuges, tubes and pipes and fittings, ships and floating structures, telecommunications equipment. NIGERIA'S CHIEF EXPORTS TO U.S.: petroleum, cocoa, rubber, hides, skins, tin, spices.

South Africa

Rate Of Economic Growth Slowing; Import Market Continues To Expand

U.S. exports to South Africa are expected to approach $630 million in 1971 reports William J. McFadden, of Commerce's South Africa Desk.

South African demand will continue to increase, taxing domestic sources of supply far beyond their capacity. Imports of a wide range of commodities will be required to meet the increasing demand. Some commodity lines, however, may experience a decline in sales due to government efforts to curb consumer demand.



Preliminary figures place the Republic's GNP at $16.7 billion for 1970, reflecting real growth in the economy of 5.6 percent. The 1969 figure was 7.4 percent. Real growth in 1971 is expected to be about 4.5 percent.

Some pessimism exists in the South African business community, reflecting concern about the skilled labor shortage and the more stringent consumer credit terms recently imposed to curb inflation. Pressure is mounting from business groups and trade journals to ease legal restrictions on the use of non-white labor. These spokesmen contend that the best way of combating inflation in the economy is by increasing production and that full use of available labor is an essential requirement. The Government, however, prefers to attack inflation by restricting economic growth.

American investment in South Africa continues to grow, but at a slower rate than that of recent years. American firms with or contemplating investments in South Africa would be well advised to establish employment conditions in their South African plants consistent with American expectations. Racially discriminatory practices which are not compatible with the parent firm's U.S. standards should be avoided to the extent legally possible. If South African law renders it impossible to transplant American standards entirely, compensatory programs, such as increased training opportunities or general education grants, should be considered.

Inflation is expected to continue in 1971, probably at a rate between 5.5 and 6.0 percent. The consumer price index, propelled by an 8.4 percent increase in housing costs, rose by 4.9 percent in 1970.

Imports to increase

Total South African imports in 1970 were $3.6 billion and are expected to reach $4.0 billion in 1971. U.S. exports to the Republic increased by 11 percent to $563 million in 1970, although the U.S. market share dropped from 17.4 percent in 1969 to 16.7 percent in 1970.

Demand for all forms of transport equipment remains bouyant, but motor vehicle sales may be adversely affected by more stringent credit terms. Two good crop years in succession should enhance the market for agricultural machinery. The rapid pace of construction will continue, but at a slower rate, making the construction equipment and air conditioning markets very attractive for U.S. exporters.

SOUTH AFRICA'S CHIEF IMPORTS FROM U.S.: motor vehicles and components, aircraft, construction and mining equipment, mechanical handling equipment, organic chemicals, tractors. SOUTH AFRICA'S CHIEF EXPORTS TO U.S.: diamonds, copper, nickel, shellfish, platinum, sugar.

Gross domestic expenditure increased by more than 14 percent in 1970. Private consumption is expected to expand in 1971, but not as sharply as last year. Government and quasi-government corporations will almost certainly increase their expenditures.

Private business increased its fixed investment by more than 15 percent over 1969, and more of the same is predicted for 1971.

South Africa is importing an increasingly larger proportion of capital goods each year, as it intensifies efforts to increase local production. The consumer goods market is less certain. Real income levels and the number of persons in the monetary economy continue to rise, but recently announced increases in income taxes (up 5 to 10 percent) and sales taxes (up 10 to 30 percent) will undoubtedly affect the sale of consumer goods.

Gold and foreign exchange reserves ($854 million in mid-May) remain adequate for the current import rate throughout 1971. Recourse to direct import controls appears unlikely this year.

U.S. Share Of Imports Into Selected Countries*

Area and country	1969 Imports			1970 Imports January through latest month			
	From world (million dollars)	From U.S. (million dollars)	U.S. share %	Latest month	From world (million dollars)	From U.S. (million dollars)	U.S. share %
LATIN AMERICA							
Barbados	97	22	22.4	June	58	13	21.7
Ecuador	262	85	32.4	Sept.	183	61	33.1
Guadeloupe	107	7	6.5	Dec.	128	(1)	(1)
Guyana	118	25	21.4	Nov.	122	30	24.1
Martinique	127	8	6.5	Dec.	146	(1)	(1)
Paraguay	82	22	26.4	Dec.	76	18	23.4
Uruguay	197	27	13.6	Dec.	233	30	12.9
WESTERN EUROPE							
Iceland	123	11	8.6	Dec.	157	13	8.1
Ireland	1,413	126	8.9	Dec.	1,569	110	7.0
Malta	148	5	3.2	Sept.	117	4	3.6
Norway	2,942	232	7.9	Dec.	3,697	267	7.2
Portugal	1,296	63	4.9	Dec.	1,556	107	6.9
FAR EAST							
Fiji	89	4	4.7	(1)	(1)	(1)	(1)
French Polynesia	115	21	18.4	Dec.	135	(1)	(1)
Laos	83	15	17.8	June	67	18	27.7
Malaysia [2]	916	53	5.7	Nov.	991	82	8.3
New Caledonia	130	9	6.7	Dec.	230	17	7.2
Viet-Nam, Republic of	668	258	38.7	Sept.	421	186	44.3
NEAR EAST-S. ASIA							
Burma	165	12	7.0	Dec.	144	(1)	(1)
Ceylon	427	36	8.4	Dec.	389	22	5.7
Cyprus	203	10	4.8	Dec.	236	16	6.7
Iraq	441	16	3.7	May	204	8	3.8
Jordan	190	17	9.2	Sept.	138	16	11.3
Kuwait [3]	646	96	14.9	June	338	(1)	(1)
Saudi Arabia	747	138	18.5	June	363	(1)	(1)
Southern Yemen	218	3	1.3	Dec.	201	(1)	(1)
Syria	369	13	3.6	Jan.	33	1	2.7
AFRICA							
Angola	322	34	10.5	Oct.	296	30	10.3
Cameroon	191	11	6.0	Dec.	244	19	7.7
Chad	54	3	5.1	Dec.	62	3	4.0
Congo (Brazzaville)	78	5	6.8	Nov.	55	(1)	(1)
Ethiopia	155	16	10.0	June	84	7	8.8
Gabon	78	8	10.7	June	33	4	12.0
Ghana	353	64	18.1	Oct.	346	63	18.2
Ivory Coast	333	28	8.3	Oct.	313	25	8.0
Liberia	115	39	33.8	Sept.	95	(1)	(1)
Malagasy	182	15	8.4	Dec.	170	10	5.7
Malawi	83	3	4.0	Dec.	97	4	4.0
Mauritius	68	8	11.7	June	36	(1)	(1)
Morocco	562	42	7.5	Dec.	686	78	11.3
Mozambique	261	17	6.5	Dec.	326	32	9.7
Reunion	148	1	0.9	Dec.	161	(1)	(1)
Senegal	198	13	6.3	June	98	4	4.3
Sierra Leone	112	9	8.3	Dec.	116	(1)	(1)
Sudan	266	7	2.8	Dec.	311	8	2.6
Togo	56	3	5.2	Dec.	65	4	5.7
Tunisia	256	49	19.2	Nov.	253	42	16.5
Zambia	492	47	9.6	June	271	26	9.7

Note: In order to present comparable statistics for all countries, import data have been adjusted from an f.o.b. to a c.i.f. valuation for Malawi, Paraguay (imports from U.S. only), and Zambia.

* Not included in those detailed on pages 8-61.

[1] Not available.

[2] West Malaysia only.

[3] Excludes oil company imports.

Sources: Official trade statistics of listed countries. International Monetary Fund, *International Financial Statistics.*

Worldwide Business Services

International trade specialists in the Department of Commerce and Foreign Service Officers in the U.S. Embassies and Consulates around the world are continually developing specific commercial opportunities through which American companies can find buyers, agents, partners or investors overseas. Details on licensing and joint venture proposals, opportunities to sell to foreign firms and government agencies, and appoint agents, and on major construction and expansion projects and U.S. visits by foreign buyers are presented below.

Licensing, Investment Abroad

0912—CEYLON—The Ministry of Fisheries has announced the expected completion in July 1971 of a new fishing facility and seeks a joint venture with a foreign firm to extract **tuna, skipjack and other fish** from the Indian Ocean and nearby coastal waters of Ceylon. Government will contribute capital in form of shore facilities, trawlers and tuna boats. Government will also offer tax incentives and relief with profit remittances also allowed. American partner would be expected to meet foreign exchange contents of proposal in addition to technology, special vessels and other imported features. Facilities at Galle Fisheries Harbor, 72 miles south of Colombo. Details available from Vincent Panditha, Senior Assistant Secretary, Ministry of Fisheries, 6 Mohamed Macan Markar Mawatha, Colombo 3. Additional information, including facility breakdown, is also available from Office of International Investment, BIC-878, U.S. Department of Commerce, Washington, D.C. 20230. P-71322

2400—ARGENTINA—Joint venture to **develop timber tracts.** Recently established firm claims to hold options to over 4½ million acres of timber stands consisting of **quebracho** and other hardwoods. Acreage located in northern and northwest provinces is owned by numerous private parties. Firm is negotiating to sell substantial amount of railway ties to state-owned railway system. Seeks capital investment. Isa Jorge Muse, President, Muse S.A., Esmeralda 449, 3er Piso, Buenos Aires. WTD. P-71328

2833—BELGIUM—Medium-sized importer and exporter of fine industrial chemicals seeks licenses to produce **chemicals and raw materials for the pharmaceutical industry.** Company operates a modern laboratory, research department and maintains warehousing facilities. Florent M. L. Schrijvers, N.V. Alvac, 571 Bosuillaan, Deurne, Antwerp. WTD. P-71231

2851—SWITZERLAND—Licenses to produce (1) **decontaminable paints for use in nuclear engineering; (2) physiologically safe coatings for water supply systems,** applicable on moist or wet surfaces and preventing bacterial growth. Firm is leading manufacturer of anti-corrosive and protective paints for water treatment plants and nuclear laboratories. Employs 30, including chemists and traveling salesmen. Ingo Wulff, Imerit AG, 8620 Wetzikon, Bern. WTD. P-71329

3079—MARTINIQUE—Joint venture to manufacture **plastic materials for doors, windows and awnings.** Also interested in assembly of prefabricated houses. Seeks $180,000 capital investment, plus technical and management know-how. Offers 45% equity. Presently makes aluminum and glass jalousies. Casimir PETIT (Bellevue Jalousies), B. P. 406, Fort-de-France. Martinique, FWI. WTD. P-71320

3299, 3679—INDIA—Large conglomerate seeks joint venture to manufacture a broad range of **mica products including capacitors and tubes.** Company plans to establish a plant in Gudur, Andhra Pradesh with the assistance of state officials. Gudur is presently an important mica processing center. American partner is expected to provide capital and technical know-how including services of its technicians in erection and start-up of the project. Also, training facilities for local technicians. Indian corporation presently manufactures water coolers, hermetical sealed compressors, diesel engines, relays, overhead protectors and electric motors with annual sales reportedly exceeding $200 million. A. K. Sethi, Projects Manager, Shriram Refrigeration Industries Ltd., 8-E Rani Jhansi Road, New Delhi 55. WTD. P-71317 (Additional information is available from Office of International Investment, BIC-878, U.S. Department of Commerce, Washington, D.C. 20230.)

3400—AUSTRIA—Manufacturing rights for (1) **new wire products used by the construction industry; (2) continuous cold-pressed mass articles such as industrial fasteners; (3) components and fittings for the production of plastic coated steel furniture.** Firm also interested in licensing additional products to utilize its capabilities in processing of steel and iron. Austrian concern's plants contain facilities for hot-rolling and the manufacture of wire and wire products, metal working tools and steel furniture. Firm presently exports about 40% of its production, employs 700. Dipl. Ing. Hans Echerer. KESTAG—Kaerntnerische Eisen- und Stahlwerks A.G., Postfach 56, A-9170 Ferlach, Carinthia, Austria. WTD. P-71318

3423—JAMAICA—Depending on market potential, wants to **manufacture and/or distribute machetes.** Seeks U.S. machinery manufacturer to assist in market study. In 1969 Jamaica imported 193,325 machetes valued at $85,147. Jamaican firm is presently in construction business. Douglas D. Orane, Manager, Douglas C. Orane, Ltd., 4 Gold Street, Kingston. WTD. P-71327

3500—ENGLAND—Manufacturer of coal face **mining equipment, agricultural machinery, mechanical handling equipment and structural steel fabrications** seeks licenses for above or related products. Established 1910, has about 245 employees. F. Turner, Director, John Darbyshire Ltd., Somercotes, Derby DE5, 4JL. WTD. P-71331

3519—ENGLAND—Manufacturing rights for small **marine engines, gearboxes, clutches, valves or other products compatible with present line.** Firm makes gearboxes, special purpose machines, jigs and fixtures and plastic mold tools. Employs about 60. D. Hindle, Managing Director, Hindle Engineering Ltd., Poyle Road, Colnbrook. Slough, Buckinghamshire. WTD. P-71332

3535, 3551—FRANCE—Licenses to produce **food processing and packaging machinery, materials handling equipment.** Presently makes machinery for finishing and plastic coating of shoes, textile rollers and related products. Exports throughout the world, employs 250. G. Matouillot, Maurice Heliot S.A., B. P. #9, 10—La Chapelle Saint-Luc. WTD. P-71312

3537—MEXICO—Importer and distributor of materials handling equipment proposes joint venture including licensing arrangement and technical assistance to produce such **materials handling equipment** as heavy or specialized industrial

Licensing and investment proposals from foreign firms are listed in these columns. Specific product interests in each proposal are highlighted in bold type to facilitate identification and each proposal is preceded by the appropriate four-digit product number taken from the Standard Industrial Classification (SIC) Manual.

Background information on opportunities abroad and assistance on overseas investments are available from the Office of International Investment, BIC-878, U.S. Department of Commerce, Washington, D.C. 20230. "P" numbers should be used when responding to specific proposals.

WTD indicates that a World Trade Directory Report containing financial and background information on the foreign firm is available for $2 from the Department of Commerce, BIC-924, Washington, D.C. 20230, or from any Commerce Field Office.

trucks, conveyers, stackers and palletizers. Willing to accept minority position and management in return for U.S. financial, machinery and equipment, and technical know-how participation. Firm established in 1967, employs 15 and has annual sales approaching $1 million. Horst Mecke, President, Tracto-Mex, S. A., Apartado Postal 6-946, Mexico 6, D.F. WTD. P-71330

3551—ENGLAND—Old established beverage machinery manufacturer seeks licenses for **bottling, packaging, labeling and wrapping machinery**, and associated equipment. Mr. W. G. Coxhead, Sales Manager, Purdy Machinery Co. Ltd., 4½ Prescot St., London, E. 1., England. WTD. P-71275

3579—CANADA—Importer, distributor of educational films, scientific and optical equipment seeks licenses to manufacture **technologically advanced electronic equipment for education and research.** Firm is subsidiary of U.S. company and is located just west of Montreal near Dorval International Airport. Ealing Scientific Limited, 9649 Cote de Liesse, Dorval 760, Quebec, Canada. WTD. P-71295

3585 — ARGENTINA — Manufacturer of **commercial refrigeration equipment** seeks technical collaboration arrangement with experienced U.S. manufacturer in same industry to improve production methods. Would also consider joint venture with aim of improving current product line. U.S. partner to provide technical know-how and some financing in return for management participation. Firm in operation since 1968 and produces commercial refrigeration equipment under a U.S. license. Also acts as sales representative for automobile air conditioning units. Mario Binello, Managing Director, Frigotecnica San Marco S.A.I.C., Cochabamba 3260/68, Buenos Aires. WTD. P-71316

3585—THE NETHERLANDS—License to manufacture and distribute **central air conditioning units for institutional application.** Firm is not interested in producing residential units. Currently company makes gas heaters; operates well-equipped facility. Metaalwarenfabriek BENRAAD N.V., 19 Ettensestraat, Terborg. P-71313

3634 — GERMANY — Manufacturing rights for small **electric or hand operated household appliances.** Presently makes food cutting machines for household use. Markets throughout Germany and other European countries. Customers include mail order houses, department stores and wholesalers. Reinhold KLEIN AG, 3573 Gemuenden/Wohra. WTD. P-71315

3679—GERMANY—Licensing agreement sought to produce **television cassettes, particularly modern films for industry and advertising,** but also animated cartoons and trick films. Willing to negotiate with U.S. licensor on royalty payments. Firm produces motion pictures for industry and advertising purposes, TV commercial and trick films. Founded in 1956, firm employs 15 and has annual volume about $450,000. M-Filmproduktion, 4-6 Hussenstrasse, D-7750 Konstanz a. Bodensee. WTD. P-71333

3940—TAIWAN—Joint venture to manufacture **toys and educational aids** for domestic and export market. Estimated cost of project is $200,000. Sought of U.S. participation is technical and marketing know-how in return for 50% equity. Taiwan company is member of an industrial group with interests in paper, plastics, pharmaceuticals and machinery. Yuen Foong Yu Paper Mfg. Co., 17 Chung Hwa Road, Taipei. Attn: Dr. H. Lien. WTD. P-71319

3964—FRANCE—Manufacturing rights for **brass wire pins with plastic heads.** Firm's current line includes needles, pins, paper clips and fasteners. Employs 500; has good commercial reputation. Jacques Bohin, General Manager, Establissements Bohin, 24 rue du Capitaine Feber, B. P. 45, 92—Issy-les-Moulineaux. WTD. P-71311

6794 — SWITZERLAND — Businessman seeks to represent U.S. firms which want to license and franchise in Europe—especially in the service industry, leisure time and entertainment fields. Has good reputation and well-established trade contacts. Commission will only be charged to the European firms. Dr. K. Walter Baumann, Himmelistrasse 15, 8700 Kusnacht, Zurich. WTD. P-71310

Foreign Trade Opportunities

These trade opportunities are based on reports received from the U.S. Foreign Service by the Business Opportunities Staff and other units of the Bureau of Domestic Commerce (BDC), U.S. Department of Commerce, Washington, D.C. 20230. The commodities in which foreign firms have interest are indicated by the five-digit numbers and commodity classifications which are from the Standard Industrial Classification (SIC) Manual and the Numerical List of Manufactured Products, 1967 Census of Manufacturers, used extensively by Government and industry.

U.S. firms should be aware that the listing in Commerce Today *of opportunities to trade in specific commodities and technical data does not necessarily imply approval of their export by the Department of Commerce pursuant to the Export Administration Act of 1969. Applicable export licensing regulations must be followed.*

Every effort is made to include only firms or individuals with good reputations. However, the Department cannot be responsible for any trade relations.

The mark (•) indicates that this trade opportunity is a request for bids by a foreign government agency. A (*) at the end means that additional information may be borrowed by U.S. firms from the individual division of BDC. To avoid delays, requests for loan material should specify the country, commodity and foreign government agency.

WTD indicates that a World Trade Directory Report containing financial and business background information on the foreign firm is available for $2 from the U.S. Department of Commerce, BIC-924, Washington, D.C. 20230, or any Commerce Field Office.

Direct Sales

Specific foreign firms have expressed interest in direct purchases of the products below. See also the "Agencies" listing.

Meat products

20110—FRENCH WEST INDIES—Offals; beef, pork. SOFROI (importer, dist.), Route des Abymes, Pointe-à-Pitre, Guadeloupe. WTD in prep.

20119—JAMAICA—Hides, fresh salted. Regular supply of 4,000 per mo. of 45-50 lb. weight. Tanners Ltd., Attn: Barclay Ewart, Gen. Mgr. (mfr.), 259 Spanish Town Rd., Kingston 11. WTD in prep.

Dairy products

20210—SENEGAL—Butter oil, 800 to 900 metric tons. Specifications in French available from Business Opportunity Staff, BOS-584, Rm. 3515, U.S. Dept. of Commerce, Washington, D.C. 20230. Correspondence requested in French. Societe Industrielle de Produits Laitiers (S.I.P.L.) (importer, retailer), 24, Blvd. Pinet-Laprade, B.P. 145, Dakar. WTD 6/70.

20231—SENEGAL—Powdered milk, 2,900 metric tons. Specifications in French available from Business Opportunities Staff, BOS-584, Rm. 3515, U.S. Dept. of Commerce, Washington, D.C. 20230. Correspondence requested in French. Societe Industrielle de Produits Laitiers (S.I.P.L.) (importer, retailer), 24 Blvd. Pinet-Laprade, B.P. 145, Dakar. WTD 6/70.

20332 — CANADA — Tomatoes, canned. North West Distributors Ltd., Attn: J. Lee, Asst. Mgr. (importer, dist., agent), 205-845 W. Pender St., Vancouver, B.C. WTD 6/71.

Canning, preserving foods

20341—ITALY—Dried prunes in packages for institutions. Pierrel, S.p.A. Divisione Alimentari, Attn: Mr. Castelletti (importer), Via Turati 30, 20124 Milan. WTD 2/71.

Sugar

20620—NEW ZEALAND—Maple sugar in bulk, for packaging, wholesaling to retail trade, confectioners, restaurants. Fagg's Products Ltd., Attn: J. A. Calvin, Mng. Dir. (importer, dist.), P.O. Box 14-164, Wellington, 3. WTD in prep.

Food preparations

20999—NEW ZEALAND—Maple syrup, in bulk for packaging, wholesaling to retail trade, confectioners, restaurants. Fagg's Products Ltd., Attn: J. A. Calvin, Mng. Dir. (importer, distributor), P.O. Box 14-164, Wellington 3. WTD in prep.

Broad woven fabric mills, cotton

● **22100 — CEYLON** — Approximately 88,000 yards of cotton canvas of various colors including green cupra-ammonium proofed, green mildew and rot-proof, khaki and olive green waterproof, and orange. Widths vary from 36 to 72 inches. Reference No. COM/TEN/71/29. Tenders must be submitted on forms available from Mr. A. F. Ludowyke, Second Secretary/Commercial, Embassy of Ceylon, 2148 Wyoming Ave., NW., Washington, D.C. 20008. Bids must reach Chairman, Tender Board Ministry of Finance, P.O. Box 500, Colombo, Ceylon, not later than 9:30 a.m. on Tuesday, July 13, 1971. Copies of Tender, specifications, and sample cloth available from Office of Textiles, OT-300, U.S. Department of Commerce, Washington, D.C. 20230. ★(202-967-2043).

22110 — FRENCH GUIANA — Cotton dress materials. "Au Bleuet" Ets. Georges Abchee (importer, retailer), B.P. 500. Cayenne. WTD in prep.

22116—FRENCH GUIANA—Cotton upholstery fabrics. "Au Bleuet" Ets. Georges Abchee (importer, retailer), Boite Postale 500, Cayenne. WTD in prep.

Knitting mills, products

22531—FRANCE—Sweaters, knit jackets, jerseys. Bejar & Fils (dist., mfr.), 28, blvd. Bonne-Nouvelle, 75-Paris 10e. WTD in prep.

22532—FRANCE—Knit outwear sport shirts. Bejar & Fils (dist., mfr.), 28, blvd. Bonne-Nouvelle, 75-Paris 10e. WTD in prep.

22533—FRANCE—Knit outwear products. Bejar & Fils (dist., mfr.), 28, blvd. Bonne-Nouvelle, 75-Paris 10e. WTD in prep.

22541 — FRANCE — Men's, boys knit underwear, nightwear. Bejar & Fils (dist., mfr.), 28, blvd. Bonne-Nouvelle, 75-Paris 8e. WTD in prep.

22542—FRANCE—Women's, children's underwear, nightwear. Bejar & Fils (dist., mfr.), 28, blvd. Bonne-Nouvelle, 70-Paris 8e. WTD in prep.

Yarn, thread mills, products

22812—MAURITIUS—Unbleached cotton yarn, synthetic yarn. Mauritius Thread Works Ltd. (importer, mfr., retailer), P.O. Box 615, Plaine Lauzun. WTD in prep.

Textile goods

22982—JAMAICA—Polypropylene tape; quantity 150 tons annually initially; specification: 2 ins. wide, for spinning, making into rope. Jamaica Cordage Co.: Attn: H. R. Sharpe, c/o Citrus Co. of Jamaica, May Pen, P.O. (mfr.), Cordage Dr., May Pen P.O., Clarendon. WTD in prep.

Apparel, accessories

23811—ENGLAND — Mens, ladies, childrens gloves, mitts. P. Peschier & Son (importer, agent), 6, London Bridge St., London S.E.1. WTD in prep.

Sawmills, planing mills

24212—FRANCE—Oregon Pine. Bois-Import (importer, dist., mfr.), 11 rue des Arbres, 59-Dunkerque (01). WTD 4/71.

24212 — NETHERLANDS — Hardwood lumber. N.V. Enschedese Fijnhout-en Triplexhandel Polman; Attn: Mr. Nijland (importer, dist., agent), 30 Industriestraat, Enschede. WTD 6/71.

Wood products

24991—CANADA — Picture frames for landscapes, sea scenes, modern, stills, etc.; sizes 12x16; 16x20; 18x24, etc. T & M Wholesale (importer, dist.), P.O. Box 5403, Station "F," Ottawa, Ontario, K2C 3J1. WTD in prep.

Paper mills

● **26200—IRAN**—Iranian Tobacco Company request bids on supplying 400 tons of paperboard to be provided in bobbins of 4 different bobbin widths. Of the total, 350 tons to be triplex having substance of 400-435 grams/M^2 and thickness of 0/58-0/62 mm. The remaining 50 tons to have substance of 270-280 grams/M^2 and thickness of 0/32-0/34 mm. Copy of tender containing specifications and conditions as well as sample of desired board are available from Forest Products, Packaging, Printing and Publishing Div., BDC, Room 5099B, U.S. Department of Commerce, Washington, D.C. 20230. ★(Telephone 202-967-2738). Bid deadline is Aug. 18, 1971.

● **26200—IRAN**—The Iranian Tobacco Company requesting bids on providing 200 tons of blue paper in bobbins measuring 492 mm wide. Substance of paper to be 110 grams/$M^2 \pm 5$ grams. Copy of tender containing specifications and conditions and sample of desired paper available from Forest Products, Packaging, Printing and Publishing Div., BDC, Room 5099B, U.S. Department of Commerce, Washington, D.C. 20230. ★(Telephone 202-967-2738). Bid deadline is Aug. 16, 1971.

● **26200—IRAN**—The Iranian Tobacco Company requires 600 tons of paper having substance of 90 grams/$M^2 \pm 2$ grams. Of the total, 300 tons to be white mechanical paper provided in bobbins measuring 500 mm. wide. The remaining 300 tons to be white chemical paper provided in bobbins measuring 610 mm wide. Filled bobbins to weigh 200-250 kilograms. Copy of tender containing specifications and conditions available from Forest Products, Packaging, Printing and Publishing Div., BDC, Room 5099B, U.S. Department of Commerce, Washington, D.C. 20230. ★(Telephone 202-967-2738). Bid deadline is Aug. 21, 1971.

Paperboard containers, boxes

26510—FRANCE—Cardboard packaging devices for cosmetics, food, detergents. EREL (mfr.), 5 rue Marguerite, 91-Athis-Mons. WTD in prep.

Industrial chemicals

● **28100 — BURMA** — Supply of caustic soda solid, 10,000 tons and caustic soda flake, 100 tons. To be packed in drums. Shipment of about 1,000 tons per month beginning October, 1971 thru August/September 1972 to be made regularly. Shipment of 100 tons of flake to be made with first shipment. Tender No. (55) (T) PF & CIB (70-71)/1488, bid deadline Aug. 31. Gen. Mgr/Sec., Paper Factory and Chemical Industries Board, Rangoon. For and on behalf of the Myanma Export Import Corp. Invitations for bids with specifications available from the Chemicals, Petroleum and Rubber Div., BDC-712, U.S. Department of Commerce, Washington, D.C. 20230. ★(Telephone: 202-967-3468). A copy of tender is also available for review at the Department of Commerce Field Office, San Francisco, Calif. 94102.

● **28100—MALAYSIA**—Supply of water treatment chemicals to P.W.D. stores in West Malaysia for the period Jan. 1, 1970 to Dec. 31, 1973, follows: aluminum sulfate, (112 lb. bags) 14,164 tons; sodium aluminate, (140 lb. drums) 603 tons; copper sulfate, (112 lb. bags) 796 cwt. soda ash (cwt. bags) 83,858 cwt., ammonium sulfate, (cwt. bags) 4,180 cwt.; anhydrous ammonia, (61 lb. or 153 lb. cylinders) 135,238 lbs.; sodium bicarbonate (2 cwt. bags) 6,340 cwt.; sodium silicate (45 gal. drums), 992,600 kilos; chloride of lime, (7 lb. tins) 252 tins; chloride of lime, (110 lb. drums) 26,445 drums; liquid chlorine, (69 lb. cylinders) 771,483 lbs.; liquid chlorine, (in 153 lb. cylinders) 1,172,214 lbs., liquid chlorine (16 cwt. drums) 15,666 cwt. Tender No. T-35, bid deadline, 12:00 noon, Aug. 9. Tender documents and specifications are available from the Senior Superintendent of Stores, P.W.D. Federal Stores, Cheras Road, Kuala Lumpur upon payment of M $10.00 per set. Copy of tender document and list of items are available from the Chemicals, Petroleum and Rubber Div., BDC-712, U.S. Department of Commerce, Washington, D.C. 20230. ★(Telephone 202-967-3468). A copy of tender and list also available for review at the Department of Commerce Field Office, San Francisco, Calif. 94102.

28181—BELGIUM—Additives. Huileries Du Marly S.N.C. (mfr.), 202 Chaussée de Vilvorde, 1000 Brussels. WTD 3/71.

Synthetic materials

28210—ENGLAND—Vulcanized fiber in sheet form, in large quantities. Kent Insulations Ltd. (importer, mfr.), Sandford Rd., Bexleyheath, Kent. WTD in prep.

28211—JAMAICA—Vinyl tape. 2,000 rolls per shipment; specifications: CT-4, size: ½" x 0.004". Price: c.i.f. Gingston. Jamaica Agricultural Society; Attn: C. O. Tame (importer, dist., retailer), 10-12 North Parade, Kingston. WTD 3/71.

28231—FRANCE—Acetate yarn. Bejar & Fils (dist., mfr.), 28, blvd. Bonne-Nouvelle, 75-Paris 8e. WTD in prep.

28232—FRANCE—Rayon yarn, viscose. Bejar & Fils (dist., mfr.), 28, blvd. Bonne-Nouvelle, 75-Paris 8e. WTD in prep.

28241 — FRANCE — Polyamide fibers. Bejar & Fils (dist., mfr.), 28, blvd. Bonne-Nouvelle, 75-Paris 8e. WTD in prep.

Drugs

28331—PORTUGAL — Medicinal chemicals, particularly aspartilfenilalanine. Laboratio Zimaia, Lda., (importer), Rua de Andaluz, 38, Lisbon 1. WTD in prep.

Chemical products

28990—FRANCE—Chemical products for food, cosmetic, detergent industries. EREL (mfr.), 5 rue Marguerite, 91-Athis-Mons. WTD in prep.

28993—BELGIUM—Radiator seal (stop leak), additives. Huileries Du Marly S.N.C. (mfr.), 202 Chaussée de Vilvorde, 1000 Brussels. WTD 3/71.

Tires, tubes

30115—PORTUGAL—Tire tube repair patches, materials, vulcanizing type. R. Solano, Lda. (importer), Travessa do Rosario 16-2°, Lisbon 2. WTD in prep.

Plastic products

30790—FRENCH WEST INDIES—Plastics doors, window sheeting and screening, building panels, awnings. Casimir Petit, Bellevue Jalousie (mfr.), Zone Industrielle, Boite Postale 406, Fort-de-France, Martinique. WTD 6/71.

30794—FRANCE—Plastic packaging devices for cosmetics, food, detergents. EREL (mfr.), 5 rue Marguerite, 91-Athis-Mons. WTD in prep.

30798 — SWITZERLAND — Novelty consumer plastics goods for mail-order business. Ruf & Schaerer Attn: Monika Mail (importer, dist.), Zurichstrasse 31, 8700 Küsnacht. WTD 6/71.

Leather tanning, finishing

31110—GERMANY—Half tanned hides; sheep, goat or cow hides, vegetable tanned, crome tanned or re-tanned; all kinds of splits either line or wetblue or vegetable tanned or dry crome tanned; novelties of all kinds of finished leather. Erich Schoeber (importer, dist.), Eschborner Weg 2, POB 1145, 6238 Hofheim/Ts. WTD 6/71.

Glass, glassware

32294—JAMAICA—Chemical glassware for teaching high school science; apparatus and instruments for high school laboratories (physics, chemistry, biology, zoology). Catalogs, technical brochures requested. Wolmers Boys' School, Attn: Maj. M. C. Walsh. North Race Course, Kingston 4.

Pottery, related products

● **32600—IRAN**—Supply 30,000 pieces RM2 porcelain insulators, Tender No. 244/50, bid deadline Aug. 11, 1971. The Iranian State Railways, Tehran. Specifications available from BDC, Room 5898C, U.S. Department of Commerce, Washington, D.C. 20230 ★(Telephone; 202-967-5585).

Concrete, gypsum, plaster products

32751 — ISRAEL — Gypsum wallboard; dry gypsum partitions; for erection of prefabricated houses. Regular requirement: over 10,000 sq. meters of each per yr. Udwin-Nir Engineers & Contractors Ltd. (importer, contractor/consulting engineers), 10 Mazada St., Tel Aviv. WTD in prep.

Steel mill products

● **33100—IRAN**—224 pieces Roller Bearing Axle Box and 112 Wheel sets for passenger coaches. Bid deadline Aug. 22, 1971. Tender No. 193-194/50. Iranian State Railways. Copies of tender documents available from Iranian Economic Mission, 2233 Wisconsin Mission, Washington, D.C. 20007.

● **33100—IRAN**—100 pieces of steel tyre for passenger coaches. Bid deadline July 31, 1971. Tender No. 54/50. Iranian State Railways. Copies of tender documents available from Iranian Economic Mission, 2233 Wisconsin Avenue N.W., Washington, D.C. 20007.

● **33100—PAKISTAN**—Supply of railway track materials including points and crossings, bearing plates, anchor plates, two way steel keys, and compound fish plates. Bid deadline Aug. 11, 1971. Tender No. PD/PW/33/7 East Pakistan Railway Board. Tender documents can be obtained from the Office of the Secretary, East Pakistan Railway Board, Railway Building, Chittagong on payment of Rs 150.00 for each schedule.

33120—ENGLAND — Heavy wall thickness and large diameter pipes in carbon and alloy steels. American specifications should be mentioned on all goods offered. The Lion Tube & Steel Co Ltd. (importer, dist., agent), 113-123 Upper Richmond Rd., Putney London S.W.15. WTD in prep.

33151—BOLIVIA—Steel wire rope, cable; 50 meters of 4 in.; 1,000 meters of 2 in.; 4,000 meters for Decauville locomotives. Martin & Cia. (importer), Calle Loayza, Edificio Castilla, P.O. Box 1467, La Paz. WTD 5/71.

33312—MEXICO—Supply of 2-3 tons per mo. of phosphor bronze alloy (80% copper, 10% lead, 10% tin) for production of general-purpose bushings, mainly for automotive industry. Initial rate will be significantly increased as full production is reached. Industrias Castillo, S.A., Attn: Ing. Leo Castillo M. (mfr.), Blvd. Manuel Avila Camacho No. 40-404, Edificio Cuatro Caminos, Mexico 10, D.F. WTD in prep.

Rolling, drawing, extruding of nonferrous metals

● **33500 — THAILAND** — All aluminum polyethylene insulated 19 strand 336.4 MCM cable, 25 KV, 25,000 meters with 3,000 spacers. Tender No. MEA-PSD-242, bid deadline August 9. Purchases and Stores Dept., Metropolitan Electricity Auth., 121 Chakpet Road, Bangkok 2. Specifications available on short term loan basis to firms domiciled in the U.S. from Metals and Minerals Division, BDC-782, U.S. Department of Commerce, Washington, D.C. 20230. ★(Telephone: 202-967-2181). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Building, 450 Golden Gate Ave., San Francisco, Calif. 94102. (Phone: 415-556-5868).

● **33500—BURMA**—Supply of brass mill products of various quantities and sizes. Tender No. 18/Q/GD/70-71. Bid deadline Sept. 19, 1971. Contact Manager Government, Dockyard, Dawbon, Rangoon.

Primary metal industries

33990—ENGLAND—Stainless steel flake. Lonabark Ltd. (importer, dist.), 253, Cranbrook Rd., Ilford, Essex. WTD in prep.

Fabricated structural metal products

34492—FRENCH WEST INDIES—Prefabricated houses. Casimir Petit, Bellevue Jalousie (mfr.), Zone Industrielle, P.O. Box 406, Fort-de-France, Martinique. WTD 6/71.

Fabricated metal products

34940—NETHERLANDS— Butt-welding fittings, ASA B 16.9 (carbon, stainless and alloy steels); threaded and socket weld fittings, ASA B 2.1 and ASA B 16.11 (bronze, carbon, stainless and alloy steels and aluminum); flanges, ASA B 16.5 (carbon, stainless and alloy steels; valves, ASA, all materials. N.V. Technisch Handelsbureau G. de Boer; Attn: K. de Boer (importer, dist.), P.O. Box 56 or Kloveniersburgwal 103, Amsterdam. WTD in prep.

34946 — NETHERLANDS — High pressure steam hose couplings. Exclusive representations. Ad. Voigt & Co.; Attn: J. Boonstra (importer, dist.), 317 Herengracht, Amsterdam. WTD in prep.

Farm machinery

35228 — NICARAGUA — Complete feed mixing plant, automatic, for preparing, measuring, mixing 112 tons feed per 8 hr. day to feed 53,000 heads daily. Requests descriptive literature, price list, information concerning training of technical personnel. Instituto de Fomento Nacional, Mr. Benjamin Gutierrez, Managua.

Construction, mining, materials handling machinery, equipment

● **35300—INDIA**—Single drum, electrically controlled and manually operated mine hoist. Tender No. PUR/MD/CS/KH/M(123)/GLOBAL/71. Bid deadline July 26, 1971. Chief Controller of Stores & Purchase, Khetri Copper Project, Hindustan Copper Limited, P.O. Khetri Nagar, Dist. Jhunjhunu, Rajasthan. Tender documents available on short term loan from General Industries Div., BDC-772, U.S. Department of Commerce, Washington, D.C. 20230. ★(Telephone: 202 967-5520).

● **35300—INDIA**—Eighteen ANFO explosive loaders, transportable/portable (pneumatic operated) type. Tender No. PUR/MD/CS/KH/M (129)/GLOBAL/71; bid deadline Aug. 9, 1971. Chief Controller of Stores & Purchase, Khetri Copper Project, Hindustan Copper Limited, P. O. Khetrinagar, Dist. Jhunjhunu, Rajasthan. Tender documents available on short-term loan basis to firms domiciled in the U.S. from the General Industries Div., BDC-772, U.S. Department of Commerce, Washington, D.C. 20230. ★(Telephone: 202-967-5520).

● **35300—UAR**—Supply of fifty (50) trench digging and tile pipe laying machines and relevant equipment for Delta Covered Drainage Project. Diesel powered about 150 hp.; five (5) rubber tired 10-ton trailers to transport digging machines. Bid deadline Aug. 1, 1971. Tender documents available on short-term loan basis from General Industries Div., BDC-772, U.S. Department of Commerce, Washington, D.C. 20230. ★(Telephone: 202-967-4317). Issuing authority Nile Delta Authority, 5A Elgoheiny Street, Dokki, Giza, U.A.R.

35314—ISRAEL—Crane unit, capacity 45 to 50 tons for use in construction work; second-hand, good condition. I. R. Goldstein Ltd.—Metal Works (importer, mfr.), P.O. Box 10143, 18 Histadrut Ave., Haifa. WTD in prep.

35361—BOLIVIA—Hoists, 2 hoist, 100 hp for 12 persons. Martin-Cia. (importer), Calle Loayza, Edificio Castilla, P.O. Box 1467, La Paz. WTD 5/71.

Metalworking machinery

● **35400—INDIA**—Vertical jig borer—maximum boring dia. 450 mm., clearance between columns 230 mm., spindle to table distance 1200 mm., table size 1250 x 1400 mm. Tender 509/14/022/15.5.7/, bid deadline Sept. 2; Director General, Supplies and Disposals, Jeevantara Building, Parliament St., New Delhi. Tender copies (Ref: CDN/ENQ/32) are available from India Supply Mission, 2536 Massachusetts Ave., N.W., Washington, D.C. 20008 at a cost of $2.50 per copy.

35423 — FRANCE — Automatic (high speed) rivet manufacturing machines. A. Raymond (mfr.), 113 cours Berriat, 38-Grenoble. WTD in prep.

Special industry machinery

35510—DEM. REP. OF CONGO—Complete machinery for cotton oil press factory which would process five tons of cotton seed a day to produce cottonseed oil, cottonseed cake. Correspondence requested in French. Ets. Daniel Tshombe (importer, dist., mfr.), B. P. 71, Kapanga. WTD in prep.

35591 — NETHERLANDS — Industrial mixing equipment for mixing dry materials. N.V. Machinefabriek Terlet, Attn: H. van Dort (importer, mfr.), 6 Oostzeestraat, P.O. Box 62, Zutphen. WTD in prep.

General industrial machinery

35513—ISRAEL—Machinery for producing dried mashed potatoes in granules (not in flakes). MPC Foreign Trade Ltd. (dist., mfr., agent, exporter), 16 Hameasfim St., P.O. Box 2508, Tel Aviv. Telex: 033-108; cable: MANPROCON TEL-AVIV. WTD 12/70.

35513—ISRAEL—Spelt peeling machine, medium-size. CITCO Ltd.—Canada-Israel Trade & Investment Co. Ltd. (importer, distributor wholesale, agent, exporter), P.O. Box 26496, 5 Ekron St., Tel Aviv. Cable: CANIMEX TELAVIV. WTD in prep.

35513—ZAMBIA—Canners for following vegetables: peas, beans, cauliflower, brussel sprouts, broccoli, carrots for dicing and canning whole, beetroot, tomatoes. A. J. Prior, Principal Research Officer, Dept. of Agriculture Research Branch, Mount Makulu Research Station, P.O. Box 7, Chilanga.

35690 — BRAZIL — Wire stitching machines for upholstery, packaging. Coloneri, Abejon & Cia. Ltda. (dist., mfr.), Rua Coelho Lisboa 43, Vila Gomes Cardim, São Paulo, SP. WTD 5/71.

Office, computing, accounting machines

35720—JAPAN—Automatic line printer, as an output device for tabulating answers of teaching machines. Specifications available from Business Opportunity Staff, BOS-584, Rm. 3515, U.S. Dept. of Commerce, Washington, D.C. 20230. Toki Commercial Co., Ltd., Attn: Mr. Katsushita Ueda, Mng. Dir. (importer, dist., exporter), 4-3 Nagata-cho 2-chome, Chiyoda-ku, Tokyo 100. WTD 1/71.

Special Action

Each of the following trade notices is deemed to rate the special attention of American manufacturers and suppliers by the U.S. Commercial Officers overseas.

25113 — FRANCE — Wood dining room furniture, including tables, chairs, buffets, corner cabinets. Chaine Novotel (hotel/motel chain), Monsieur René Richer, Service Technique, Autoroute A 6, 91-Evry. (telex: 60685). WTD 2/71.

25115—FRANCE—Wood bedroom furniture, including headboards, dressing-tables, wardrobes, chest of drawers, night-tables, stands. Chaine Novotel (hotel/motel chain), Monsieur René Richer, Service Technique, Autoroute A 6, 91-Evry. (telex: 60685). WTD 2/71.

25121 — FRANCE — Upholstered wood household furniture, including sofa, settees, chairs, rockers. Chaine Novotel (hotel, motel chain), Monsieur René Richer, Service Technique, Autoroute A 6, 91-Evry. (telex: 60685). WTD 2/71.

34310—FRANCE—Sanitary ware: bath-tubs, lavatories, sinks (prefabricated). Chaine Novotel (hotel/motel chain), Monsieur René Richer, Service Technique, Autoroute A 6, 91-Evry. (telex: 60685). WTD 2/71.

35610—ENGLAND—Hydraulic cast iron gear pumps and hydraulic cast iron vane pumps capable of 3,000 p.s.i. operation; hydraulic axial and radial piston pumps, motors suitable for 5,000 p.s.i. operation. Adan Hydraulics Ltd., Attn: J. B. Southgate, Gen. Sales Mgr. (importer, dist., mfr.), Gresham Rd., Staines, Middlesex. WTD in prep.

35850 — ENGLAND — Air control systems; air cleaners; air conditioning equipment. Stoa Trading Ltd., Attn: J. B. Darlington, Dir. (importer, dist., agent), Ewhurst, Cranleigh, Surrey. WTD in prep.

35731—SWITZERLAND — Micrographic computing equipment, supplies. Cellpack AG; Attn: Charles Dreifuss, Man. Dir. (distributor, mfr.), 5610 Wohlen. WTD 3/70.

35733 — GERMANY — EDP peripheric equipment, other parts, attachments for computing machines. System Technik GmbH. (importer, agent), 6000 Frankfurt/Main, Untermainkai 83. WTD 3/71.

Service industry machines

35853—SPAIN — Commercial refrigeration machinery. Correspondence requested in Spanish. Canton & Alonso, S.L. (importer, dist.), San José, 27, Santa Cruz de Tenerife. WTD 4/71.

35892—SWITZERLAND — Water treatment, sewage purification plants, equipment; waste incinerators. Les Creusets SA; Attn: Charles Valterio (dist., mfr., engineering firm), rue Oscar Bider, 1951 Sion. WTD 5/71.

Electric transmission, distribution equipment

● **36100—INDIA**—Supply of two units eight channel ink recording oscillograph complete with recorder, signal conditioning equipment, paper chart and other accessories. Tender No. ES10-513/30/001/Cell-599, bid deadline Aug 3. Invited by the Director General, Supplies and Disposals, Jeevantara Building, Parliament Street, New Delhi. Tender documents available, at $2.50 each, from the India Supply Mission, 2536 Massachusetts Avenue, NW., Washington, D.C. 20008. Ref: CDN/ENQ/33.

● **36100 — EL SALVADOR** — Supply Lightning Arresters—9 of 96KV and 15 of 48KV, Circuit Breakers with Current Transformers, and Metering Instrument Transformers—3 CB's of 46KV, 12 T's of 46KV current and 4 T's of 46KV potential. Tender No. 368, bid deadline Aug. 11, 1971, IDA financing. Prequalification information—record of experience in manufacture of subject equipment, statement of financial resources, description of plant and organization, banking references, and related data—send to Harza Engineering Co., 150 South Wacker Drive, Chicago, Ill. 60606. Documents available to qualified bidders after June. Delivery of equipment in El Salvador due July 1972.

● **36100—THAILAND**—Supply 115 KV power transformers, dual primary voltage. Tender No. MEA—PSD—245, bid deadline Aug. 16. Purchases & Stores Department, Metropolitan Electricity Authority, 121 Chakpet Rd., Bangkok 2. Specifications available on short term loan basis to U.S. firms; contact Power Equipment Program, Commerce Department, Washington, D.C. 20230, Phone 204-967-3861.

36113—SWEDEN—Electrical and electronic measuring instruments for process control, mainly within pulp, paper industries. Grapendal Ingenjörsbyra AB (importer, agent, engineering firm), 90 Storholmsbackarna, S-127 43 Skärholmen. WTD 5/71.

Electrical industrial apparatus

● **36200—CHILE**—Supply four fault locating devices for El Toro Transmission System. Tender No. 10-15, bid deadline July 31, 1971. Empresa Nacional de Electricidad, S.A., Chile, calle Santa Rosa #76, p. 13. Financing under IDA loan 479-CH. All bidders must be legally represented in Chile. Library copy of specifications available at Commerce Department, Washington, D.C. 20230; Power Equipment Program, Phone 202-967-2861.

● **36200—ETHIOPIA**—Supply and installation of 12 KVA electric generators in 12 Ethiopian towns, IDA project schools. No Tender Number, bid deadline Aug. 31, 1971. Specifications available for $10.40 (U.S.) including air-mail, non-refundable from the Ministry of Education and Fine Arts, P.O. Box 40036, Addis Ababa.

36215—BOLIVIA—Generators, 15 kw, 25 hp motor 550 v three phase current, 50 cycles. Martin & Cia. (importer), Calle Loayza, Edificio Castilla, La Paz, Box 1467. WTD 5/71.

Electric lighting, wiring equipment

36430—BOLIVIA—Current-carrying wiring devices: 2 trolley locomotives wc tons, 250 v, 0.50 meter track. Martin & Cia. (importer), Calle Loayza, Edificio Castilla, P.O. Box 1467, La Paz. WTD 5/71.

Communication equipment

36620—GERMANY—Industrial electronic communication and intercommunication equipment, i.e. telemetering equipment. System Technik GmbH. (importer, agent), 6000 Frankfurt/Main, Untermainkai 83. WTD 3/71.

36622—ITALY—Radio telephones. Contadini Alfredo (importer, dist., agent), Via Marconi 18, 60100 Ancona. WTD 5/71.

36625—ITALY—Marine radar, sonar apparatus. Contadini Alfredo (importer, dist., agent), Via Marconi 18, 60100 Ancona. WTD 5/71.

36626 — KOREA — Electronic "book" of foreign language recordings, developed to study languages without tape deck; unit consists of headphones and electronic sheets activated by pushing with finger or pen. Requests brochures, quotations. Keo Chang High School, Attn: Mr. Young Chan Chun, Keo Chang, Kyongsang Namdo, 640-30.

36626—ITALY—Radio goniometers, electronic meteorological equipment. Contadini Alfredo (importer, dist., agent), Via Marconi 18, 60100 Ancona. WTD 5/71.

Electrical machinery, equipment, supplies

36930 — TAIWAN — Linear acceterator for radiotherapy: 350 Rads/min., mm focal spot, 360° Isocentric rotation, rotating clinical X-ray head, 40 cm clearance isocenter to X-ray head, compact, self-container—fits most existing cobalt rooms. Fully motorized optional electron extraction for research or therapy, 110-128 volt, 60 cycle A.C., single phase. Great Union Trading Co., Ltd. (importer, agent), 2, Lane 20, Chungshan North Rd., Sec. 2, Taipei 104. WTD 4/70.

36930—NETHERLANDS — Electrotherapeutic apparatus; electro-polygraphs, electro-encephalographs, electro-myographs, electro-nystagmographs, electro-retinographs. Exclusive representations for Benelux countries. Ahrend-Van Gogh N.V.; Attn: H. P. Oesterreicher (importer, agent), 11 Slimmeweg, Amsterdam. WTD 6/71.

Motor vehicles, motor vehicle equipment

37141—GERMANY—Accessories for passenger cars, all kinds, but no technical parts. BAZ Autozubehoer G.m.b.H. (importer, dist.), Postfach 4, 6840 Lampertheim. WTD 6/71.

37141 — SWITZERLAND — Clutch color assemblies; clutch plates, hydraulic parts for automobiles. L. Loewenthal, Bremsen und Kupplungen (dist., agent), Aemtlerstrasse 96, 8003 Zurich. WTD in prep.

Aircraft, parts

37224—FRANCE — One thousand gasoline tubes for helicopter, aircraft jet engines. Specifications in French available from Business Opp. Staff, BDC-584, Rm. 3515, U.S. Dept. of Commerce, Washington, D.C. 20230. TURBOMECA (mfr.), 64-Bordes. WTD 10/70.

Ship building, repairing

37310—JAMAICA—Sulphuric acid tanker: one second-hand ship for transporting 98% acid; 1400-2000 tons; to lease or purchase. U.S. port quotation requested. Industrial Chemical Company (Ja.) Ltd., Attn: Barclay Ewart, Gen. Mgr. (mfr.), P.O. Box 101, Spanish Town. WTD 6/70.

Railroad equipment

37412—BOLIVIA—Two battery powered locomotives, one and one half tons, similar to Little Trummer or equal; 2 battery sets, 40 cells, Edison type. Martin & Cia. (importer), Calle Loayza, Edificio Castilla, P.O. Box 1467, La Paz. WTD 5/71.

Engineering, laboratory, scientific, research instruments

● **38100—INDIA—**Supply of microwave testing instruments for regional telecommunications training centers. Tender No. 162-45/71-TPL (CP), bid deadline Aug. 24. Terms and specifications available from the Director General, Posts & Telegraphs (TPL Section), Sardar Square, Parliament Street, New Delhi 1. One copy is available for review only at the Department of Commerce, BDC-708, Room 2329, Washington, D.C. 20230.

38112—MAURITIUS—Lens fusing furnace for manufacture of fused bifocals. R. Mathieu (Opticians) Ltd. (importer, agent, retailer), P.O. Box 63, Port Louis. WTD in prep.

Instruments for measuring, controlling, indicating physical characteristics

● **38200—CEYLON—**Supply of 3 portable moisture meters with dry-battery power source and electrodes to measure veneer and board surfaces, etc. Bid deadline July 31. Tender documents available from The Supplies Officer, Ceylon Plywoods Corp., 420 Bauddhaloka Mawatha, P.O. Box 1148, Colombo 7. Cable: GINPLYCORP, Colombo.

● **38200—KOREA—**Supply of coarse aggregate specific gravity test set; concrete test hammer; abrasion testing machine; portable concrete tester; and many more items. Tender No. IBRD/L-71085-PII, bid deadline Aug. 5. Invited by the Office of Supply, Government of the Republic of Korea, Seoul. Tender documents available from the Korean Consulate General in New York, Attn: Procurement Officer, 9 East 80th Street, New York, N. Y. 10021.

Surgical, medical, dental instruments

● **38400—CEYLON—**Supply of 44 instrument sterilizers, size 11" x 5½" x 4"; 48 size 20" x 10" x 7"; with spares; 6 combined bowl and instrument sterilizers approximate size 30" x 20" x 19"; 6 sterling junior unit 220/230 V; 6 dental chairs double cylinder base with foot operated pumping. Invited by the Department of Health, P.O. Box No. 584, Colombo, Ceylon. Tender documents available from Embassy of Ceylon, 2148 Wyoming Ave., N.W., Washington, D.C. 20008. Reference No. COM/TEN/71/32. Bid deadline July 23.

38423—FRANCE—Plastic hats or "hard hats" used on construction sites. Griltex S.A. (dist., mfr.), 29, rue Cavelle, 59-Roubaix. WTD in prep.

Photographic equipment, supplies

38614—SWITZERLAND — Micrographic equipment, supplies, advanced products only. Cellpack AG; Attn: Charles Dreifuss, Man. Dir. (dist., mfr.), 5610 Wohlen. WTD 3/70.

Toys, amusement, sporting goods

39491 — PORTUGAL — Fishing tackle, equipment. Direct purchase & agency. Amadeu Carneiro Júnior (importer, dist., agent), 158 Rua da Alegria, Oporto. WTD 4/71.

Antique, secondhand stores

59330—SENEGAL—Second-hand clothes, wholesale, second-hand goods, odd-yardish fabrics, fabric yardish left-over sold in bales and by weight. Correspondence requested in French. Compagnie Senegalaise du Sud-Est (C.S.S.E.) (importer, retailer), 120, Ave. du President Lamine Gueye, B.P. 3188, Dakar. WTD 2/71.

Agencies

Specific foreign firms have expressed interest in agency agreements for the products listed below. Exclusive agencies for these products are wanted only if specified.

Field crop farms

01130—VIETNAM—Cash grains such as wheat for use in brewing barley. DOSSA Truong Hu Sanh (agent), 40-44 Cong Ly, Saigon. WTD 4/71.

01190—VIETNAM—Hops. DOSSA Truong Hu Sanh (agent), 40-44 Cong Ly, Saigon. WTD 4/71.

Meat products

20110—SOUTH AFRICA—Meat: canned, cooked, cured, dressed, fresh, frozen, smoked, spiced, boneless. Saftrade (Pty.) Ltd. (importer, agent, exporter), 711 Olivetti House, Hertzog Blvd., Foreshore, (P.O. Box 4813), Cape Town, Cape Province. WTD 5/71.

Dairy products

20221—SOUTH AFRICA—Cheese: natural, cheddar, brick, cream, Swiss, etc. Saftrade (Pty.) Ltd. (importer, agent, exporter), 711 Olivetti House, Hertzog Blvd., Foreshore (P.O. Box 4813), Cape Town, Cape Province. WTD 5/71.

Canning, preserving foods

20310 — SOUTH AFRICA — Sea food products: canned, cured, including soup. Saftrade (Pty.) Ltd. (importer, agent, exporter), 711 Olivetti House, Hertzog Blvd., Foreshore (P.O. Box 4813), Cape Town, Cape Province. WTD 5/71.

20321—GERMANY—Baby foods, canned. Willi Westermann (dist., agent), 55 Bischofstrasse, 415 Krefeld-Oppum. WTD in prep.

20322—GERMANY—Soups, canned. Willi Westermann (dist., agent), 55 Bischofstrasse, 415 Krefeld-Oppum. WTD in prep.

20322—SOUTH AFRICA—Canned soups, except frozen or seafood. Saftrade (Pty.)

Ltd. (importer, agent, exporter), 711 Olivetti House, Hertzog Blvd., Foreshore (P.O. Box 4813), Cape Town, Cape Province. WTD 5/71.

20323—GERMANY—Dry beans, canned. Willi Westermann (dist., agent), 55 Bischofstrasse, 415 Krefeld-Oppum. WTD in prep.

20324—GERMANY — Nationality foods, canned. Willi Westermann (dist., agent), 55 Bischofstrasse, 415 Krefeld-Oppum. WTD in prep.

20331—ITALY — Canned peaches, fruit cocktail. Ravignani, F.lli. fu Menotti, Soc. n.c. (importer, dist., agent), Via della Pineta Sacchetti 51, 00167 Rome. WTD 5/71.

20331—LIBYA—Canned fruit. Mohamed Massoud Belker (Commission Agent) (agent), P.O. Box 4869, Tripoli. WTD in prep.

20331—SOUTH AFRICA—Canned fruits. Saftrade (Pty.) Ltd. (importer, agent, exporter), 711 Olivetti House, Hertzog Blvd., Foreshore (P.O. Box 4813), Cape Town, Cape Province. WTD 5/71.

20332—LIBYA—Canned vegetables. Mohamed Massoud Belker (Commission Agent) (agent), P.O. Box 4869, Tripoli. WTD in prep.

20332—SOUTH AFRICA—Canned vegetables. Saftrade (Ptd.) Ltd. (importer, agent, exporter), 711 Olivetti House, Hertzog Blvd., Foreshore (P.O. Box 4813), Cape Town, Cape Province. WTD 5/71.

20334—ITALY—Grapefruit juice; orange, grapefruit concentrates. Ravignani, F.lli, fu Menotti, S.n.c. (importer, dist., agent), Via della Pineta Sacchetti 51, 00167 Rome. WTD 5/71.

20334 — LIBYA — Canned fruit juices. Mohamed Massoud Belker (Commission Agent) (agent), P.O. Box 4869, Tripoli. WTD in prep.

20334—SOUTH AFRICA—Canned fruit juices. Saftrade (Pty.) Ltd. (importer, agent, exporter), 711 Olivetti House, Hertzog Blvd., Foreshore (P.O. Box 4813), Cape Town, Cape Province. WTD 5/71.

20335—SOUTH AFRICA—Canned vegetable juices. Saftrade (Pty.) Ltd. (importer, agent, exporter), 711 Olivetti House, Hertzog Blvd., Foreshore (P.O. Box 4813), Cape Town, Cape Province. WTD 5/71.

20341—ITALY—Dried prunes. Ravignani, F.lli, fu Menotti, S.n.c. (importer, dist., agent), Via della Pineta Sacchetti 51, 00167 Rome. WTD 5/71.

20342—SOUTH AFRICA—Soup mixes: dried, dehydrated, freeze dried. Saftrade (Pty.) Ltd. (importer, agent, exporter), 711 Olivetti House, Hertzog Blvd., Foreshore (P.O. Box 4813), Cape Town, Cape Province. WTD 5/71.

20361—SOUTH AFRICA—Frozen packaged seafood. Saftrade (Pty.) Ltd. (importer, agent, exporter), 711 Olivetti House, Hertzog Blvd., Foreshore (P.O. Box 4813), Cape Town, Cape Province. WTD 5/71.

20362—SOUTH AFRICA—Fresh packaged fish, other seafood. Saftrade (Pty.) Ltd. (importer, agent, exporter), 711 Olivetti House, Hertzog Blvd., Foreshore (P.O. Box 4813), Cape Town, Cape Province. WTD 5/71.

20373—SOUTH AFRICA—Frozen meat, poultry pies. Saftrade (Pty.) Ltd. (importer, agent, exporter), 711 Olivetti House, Hertzog Blvd., Foreshore (P.O. Box 4813), Cape Town, Cape Province. WTD 5/71.

Grain mill products

20411—SOUTH AFRICA—Wheat flour, except flour mixes. Saftrade (Pty.) Ltd. (importer, agent, exporter), 711 Olivetti House, Hertzog Blvd., Foreshore (P.O. Box 4813), Cape Town, Cape Province. WTD 5/71.

Confectionery

20730—THAILAND—Bubble gum base packed in carton of 90 lbs. net. Requests samples, c.i.f. Bangkok prices. Five Store Ltd. Partnership (importer, dist.), 1333 Paholyothin Rd., Phyathai, Bangkok. WTD in prep.

Beverage industries

20820—ITALY—Beer. Ravignani, F.lli, fu Menotti, S.n.c. (importer, dist., agent), Via della Pineta Sacchetti 51, 00167 Rome. WTD 5/71.

20830—VIETNAM—Pilsen malt. DOSSA Truong Hu Sanh (agent), 40-44 Cong Ly, Saigon. WTD 4/71.

Paper mills

26216—JAMAICA—Writing, related papers in bulk quantities—bond paper; onion skin; mimeograph. T. Geddes Grant (Dist.) Ltd. Attn: Mgr., Office Equip. Dept. (importer, dist., agent), 109 Marcus Garvey Dr., Kingston 11. WTD 8/70.

Converted paper, paperboard products

26414 — SWITZERLAND — Adhesive tapes, industrial, office, home use; insulating tapes; pressure sensitive labels; labeling systems, genuine novelties. Requests offers from manufacturers only. Cellpack AG; Attn. Peter Dreifuss, Mng. Dir. (dist., mfr.), 5610 Wohlen. WTD 3/70.

26451 — JAMAICA — File folders. T. Geddes Grant (Dist.) Ltd. Attn: Mgr., Office Equip. Dept. (importer, dist., agent), 109 Marcus Garvey Dr., Kingston 11. WTD 8/70.

26491 — JAMAICA — Looseleaf fillers; wrapped ream papers; boxed stationery, portfolios. T. Geddes Grant (Dist.) Ltd., Attn: Mgr., Office Equip. Dept. (importer, dist., agent), 109 Marcus Garvey Dr., Kingston 11. WTD 8/70.

26491 — LIBYA — Stationery. Mohamed Massoud Belker (Commission Agent) (agent), P.O. Box 4869, Tripoli. WTD in prep.

Paperboard containers, boxes

26510—SWITZERLAND — Novel packages, packaging components, see-through, flexible packages. Cellpack AG; Attn: Charles Dreifuss, Mng. Dir. (dist., mfr.), 5610 Wohlen. WTD 3/70.

26520—JAMAICA—Paperboard files. T. Geddes Grant (Dist.) Ltd. Attn: Mgr., Office Equip. Dept. (importer, dist., agent), 109 Marcus Garvey Dr., Kingston 11. WTD 8/70.

Bookbinding industries

27821—JAMAICA — Appointment books, diaries, address books, scrapbooks. T. Geddes Grant (Dist.) Ltd. Attn: Mgr., Office Eqiup. Dept. (importer, dist., agent), 109 Marcus Garvey Dr., Kingston 11. WTD 8/70.

Synthetic materials

28210—ENGLAND—Plastic films, coating materials for electrical, packaging industries. Viking Paper Services Ltd. (importer, dist., agent), 9, Clifford St., Old Bond St., London W1X 2HA. WTD in prep.

28210—ITALY—Resins, materials, accessories for foundry molds. Polistyle Di Musso E. & C. (dist.), 78, Via Aosta, Turin 10154. WTD in prep.

28210 — SWITZERLAND — Plastic raw materials (resins), polystyrol, ABS, AN, AS, polyethylene, polycarbonate, polypropylene; polycarbonate extruded in plates. Offers from manufacturers only. Hesa AG, Attn: Oskar Scherer, Sales Mgr. (importer, dist., mfr.), 5012 Schoenenwerd. WTD 10/70.

28241—ITALY—Acrylic, polyester fibers for textile industry. Simes S.N.C. (agent), 3-5 Via Boni, 50047 Prato (Florence). WTD 5/71.

Drugs

28340—CANADA—Pharmaceutical drug, proprietory products for consumer use to be distributed primarily through drug outlets. Adams Laboratories Ltd., Attn: C. T. Garrett (importer, dist., mfr.), 8879 Selkirk St., Vancouver, B.C. WTD in prep.

28440—CANADA—Cosmetic, toilet products for consumer use to be distributed primarily through drug outlets. Adams Laboratories Ltd., Attn: C. T. Garrett (importer, dist., mfr.), 8879 Selkirk St., Vancouver, B.C. WTD in prep.

28341 — SWITZERLAND — Geriatric pharmaceutical preparations which may be obtained without medical prescription. Girol Ltd., Attn: Mr. Fluhmann (dist., agent), Helenastrasse 4, 8034 Zurich. WTD in prep.

28348—PAKISTAN—Antibiotics in combination with sulfa drugs, pharmaceuticals, for human use. Najam & Shahid (dist., agent, retailer), 23 Hatkhola Rd., P.O. Box 143, Ramna, Dacca. WTD 11/70.

Soap, detergents, cleaning preparations, perfumes, cosmetics

28442 — SWITZERLAND — Perfumes, toilet waters, colognes, perfumed oils, other beauty preparations. Francis Nicolet, (importer, agent), 1041 Bettens. WTD 6/71.

28443 — SWITZERLAND — Shampoos, hair coloring preparations, dandruff control preparations, hair tonics, hair conditioners, other hair preparations. Francis Nicolet (importer, agent), 1041 Bettens. WTD 6/71.

28445 — HONG KONG — Cosmetics. Christile Co. (importer, dist.), 315 Marina House, Queen's Rd., Central, P.O. Box 281. WTD in prep.

28445 — SWITZERLAND — Cleansing, foundation, other beauty creams, lotions; suntan oils, lotions; lip sticks, rouges; eye preparations, such as mascara, shadow, liners, creams, etc; deodorant; manicuring preparations, incl. nail lacquers, enamels, removers, oils; bath preparations; fine cosmetics, all kinds. Francis Nicolet (importer, agent), 1041 Bettens. WTD 6/71.

Paints, varnishes, lacquers, enamels

28511—FRANCE—Exterior oil-type trade sales paint products. Peintures Gauthier (importer, mfr., exporter), 13, rue des Gardinoux, 93-Aubervilliers. WTD in prep.

28512 — FRANCE — Exterior water-type trade sales paint products. Peintures Gauthier (importer, mfr., exporter), 13, rue des Gardinoux, 93-Aubervilliers. WTD in prep.

28513—FRANCE—Interior oil-type trade sales paint products. Peintures Gauthier (importer, mfr., exporter), 13, rue des Gardinoux, 93-Aubervilliers. WTD in prep.

28514 — FRANCE — Interior water-type trade sales products. Peintures Gauthier (importer, mfr., exporter), 13, rue des Gardinoux, 93-Aubervilliers. WTD in prep.

Agricultural chemicals

28790—LIBYA—Insecticides; pesticides. Mohamed Massoud Belker (Commission Agent) (agent), P.O. Box 4869, Tripoli. WTD in prep.

Chemical products

28993—ITALY—Sound and heat insulating materials for building industry. Polistyle di Musso E. & C. (dist.), 78, Via Aosta, Turin 10154. WTD in prep.

Tires, tubes

30115—TAIWAN—Tire repair material: air-tight can containing instant self-sealing adhesives. Daily Enterprises Co., Ltd. (importer, agent, exporter), Rm. 904B, 144, Hankow St., Sec. 1, Taipei 100. WTD in prep.

Fabricated rubber products

30698—JAMAICA—Rubber bands; rubber erasers. T. Geddes Grant (Dist.) Ltd. Attn: Mgr., Office Equip. Dept. (importer, dist., agent), 109 Marcus Garvey Dr., Kingston 11. WTD 8/70.

Plastic products

30791 — SWITZERLAND — Plastic film, sheets, rods, tubes, shapes, semi-finished and finished, for industrial and packaging use. Requests offers from manufacturers only. Cellpack AG; Attn: Charles Dreifuss, Mng. Dir. (dist., mfr.), 5610 Wohlen. WTD 3/70.

30794—SWITZERLAND—Novel plastic boxes, packages, containers. Cellpack AG; Attn: Charles Dreifuss, Mng. Dir. (dist., mfr.), 5610 Wohlen. WTD 3/70.

30795 — SWITZERLAND — Industrial plastics products, all kinds; insulation semi-finished plastics and plastic finished products; flexible printed circuit boards. Requests offers from manufacturers only. Cellpack AG; Attn: Charles Dreifuss, Mng. Dir. (dist. mfr.), 5610 Wohlen. WTD 3/70.

30796—FRANCE — Construction plastic products. Peintures Gauthier (importer, mfr., exporter), 13, rue des Gardinoux, 93-Aubervilliers. WTD in prep.

30797—SWITZERLAND—Plastic dinner, table, kitchen ware. Francis Nicolet (importer, agent), 1041 Bettens. WTD 6/71.

30798—CANADA—Plastic footwear of special design with image of innovation suitable for specialized boutique. Inov Importex Inc. (importer, dist., mfr.), 356 Wellington St., Sherbrooke, Quebec. WTD 5/71.

30798—SWITZERLAND—Novelty plastics products, consumer goods, household goods, bathroom accessories, all kinds. Francis Nicolet (importer, agent), 1041 Bettens. WTD 6/71.

30798 — SWITZERLAND — Novel consumer plastic products for sale in drugstores, department stores, hardware stores, stationeries. Requests offers from manufacturers only. Cellpack AG; Attn: Charles Dreifuss, Mng. Dir. (dist., mfr.), 5610 Wohlen. WTD 3/70.

30798—SWITZERLAND—All kinds of genuine novelty plastic consumer goods, gadgets, hobby articles, plastic office & household goods, smokers' articles, sold in tobacco, department, hardware, stationery, household goods stores. Oettinger Imex Ltd; Attn: Dr. Ernst Schneider, Chairman (importer, dist.), Nauenstrasse 73, 4000 Basel. WTD 8/70.

Leather tanning, finishing

31111—GERMANY—Upholstery fabrics, leather. Prices c.i.f. European ports. Helmut Roebers (agent), 4054 Nettetal 1-Lobberich, Freiheitstr. 8, Postfach 1182. WTD 9/70.

Leather goods

31990—JAMAICA—Desk sets (leather). T. Geddes Grant (Dist.) Ltd. Attn: Mgr., Office Eqpt. Dept. (importer, dist., agent), 109 Marcus Garvey Dr., Kingston 11. WTD 8/70.

Flat glass

32111—JAMAICA—Sheet glass of various sizes. Price c.i.f. Kingston. Steve Ltd. (importer, retailer), 118 Barry St., Kingston. WTD in prep.

Glass, glassware

32291 — CANADA — Table, kitchen, art, novelty glassware. A & A Agencies (agent), 46 Champlain, 21 Place Bonaventure, Montreal 114, Quebec. WTD in prep.

32291 — JAMAICA — Inkwells, glass paperclip cups. T. Geddes Grant (Dist.) Ltd. Attn: Mgr., Office Eqpt. Dept. (importer, dist., agent), 109 Marcus Garvey Dr., Kingston 11. WTD 8/71.

Glass products

32315—CANADA—Mirrors, framed (decorated or undecorated). A & A Agencies (agent), 46 Champlain, 21 Place Bonaventure, Montreal 114, Quebec. WTD in prep.

32316—CANADA—Glass products; tumblers, goblets, tableware, ornamental and decorative glassware, smokers' accessories. A & A Agencies (agent), 46 Champlain, 21 Place Bonaventure, Montreal 114, Quebec. WTD in prep.

Pottery, related products

32610—SWITZERLAND—Novelty bathroom accessories. Francis Nicolet (importer, agent), 1041 Bettens. WTD 6/71.

32610—CANADA—Vitreous china, porcelain tableware, kitchenware (household). A & A Agencies (agent), 46 Champlain, 21 Place Bonaventure, Montreal 114, Quebec. WTD in prep.

32630—SWITZERLAND—Novelty table, kitchen ware, accessories. Francis Nicolet (importer, agent), 1041 Bettens. WTD 6/71.

32640 — THAILAND — Electrical supply products of porcelain. Requests catalogs, c.i.f. Bangkok prices. TNC International Ltd. (importer, agent), 571 Muban Mittrapharb, Block 3, Soi On-Nuj (77), Sukhumvit Rd., P.O. Box 11-83, BKK. WTD 5/71.

32690—CANADA—Art, decorative and novelty pottery ware; stoneware table and kitchen articles. A & A Agencies (agent), 46 Champlain, 21 Place Bonaventure, Montreal 114, Quebec. WTD in prep.

Cutlery, hand tools, general hardware

34230—VIETNAM—Hardware including builders' hardware, chain fittings, hose clamps, door bolts and checks, door locks and lock sets, ladder jacks, metal fasteners, fire fighting nozzles, padlocks, metal pulleys, suitcase hardware, metal tackle blocks, trunk trimming. Vinh Hoa Trading (agent), 22 Pasteur, P.O. Box 403, Saigon. WTD 4/71.

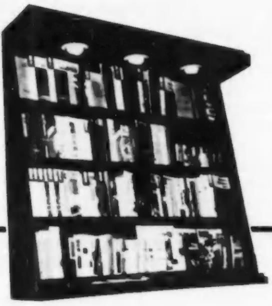
Visiting Buyers And Officials

DEMOCRATIC REPUBLIC OF THE CONGO—Mr. and Mrs. Loparki, Meferco Congo, Kinshasa, **interested in purchasing U.S. machine tools for processing structural steel and aluminum** for own firm and Italian affiliate and requesting technical information on processing structural steel and aluminum and necessary machine tools. July 19 via Washington for approx. 1 week. c/o Sheraton Park Hotel, 2660 Woodley Road, N.W., Washington, D.C. 20008. Itinerary: Washington 7/19-21, Pittsburgh 7/22-25. WTD in prep.

FRANCE—R. Kalinowski, Sopemea, B. P. 4, 91 Bretigny-sur-Orge, **interested in oceanographic testing equipment and requesting technical information on installation, operation and development equipment.** July 19 via New York for 3 weeks. c/o Ameresco, 101 Park St., Montclair, N.J., 07042. Itinerary: New York, cities in Mass., Conn., Md., Washington, D.C. cities in Ohio and Illinois, Los Angeles, San Antonio, Atlanta, New York. WTD 10/69 under revision.

ISRAEL—Avi Matarasso, Mgr., Avimat Ltd., 4 Hanegev St., Tel Aviv, **interested in purchasing U.S. handtools and hardware of all kinds** from potential suppliers with whom exclusive agency agreements can eventually be established at later date and requesting technical information. June 20 via New York for 2 months. c/o Herzel Camp, Webster, Wisc. 54893. Itinerary: New York, Illinois area, Indianapolis, Ohio area, others as required. WTD in prep.

TAIWAN—S. M. Wang, Managing Director, David Co. Ltd., 2nd Fl., 60 Chung Hsiao E. Rd., Section 2, Taipei, interested in meeting suppliers of U.S. pharmaceuticals and newly patented products and distributors of footwear, canned foods, toys, handicrafts and garments. July 1 via Honolulu for 1 mo. c/o Dr. Paul R. Shao, 317B South Arroyo Dr., San Gabriel, Calif. 91776 and Miss Yah-chin Yu, apt. 14A, 600 West 111th St., New York, N.Y. 10025. Itinerary: Honolulu, Los Angeles, San Francisco, Chicago, New York, Philadelphia, Jersey City, Washington, D.C. WTD in prep.



New Publications

When ordering any publication, indicate title and series designation, if indicated, and make checks or money orders payable to the Superintendent of Documents. Orders should be sent to the U.S. Department of Commerce, Washington, D.C. 20230, or to any of its field offices.

OFFICE OF THE SECRETARY

Export control. 95th quarterly report, first quarter 1971, by the Secretary of Commerce to the President, the Senate, and the House of Representatives. 81pp. 40¢.

National Industrial Pollution Control Council

An evaluation of the appliance x-ray pollution problem. 36pp. 30¢.

The chemical industry and pollution control. 30pp. 30¢.

The use and disposal of electrical insulating liquids. 26pp. 25¢.

MARITIME ADMINISTRATION

Relative cost of shipbuilding. 50pp. 50¢. A report to the Congress on the relative cost of shipbuilding in various coastal districts of the United States.

DOMESTIC AND INTERNATIONAL BUSINESS

Bureau of Domestic Commerce

Construction review. Monthly industry report. Vol. 17, No. 5. Annual subscription $6.50 ($1.75 more for foreign mailing). Single issue 55¢.

Marketing information guide. A monthly annotated bibliography. June 1971. Vol. 18, No. 6. Annual subscription $4.50 ($1.25 more for foreign mailing). Single copy 40¢.

Industrial Civil Defense Handbook

Emergency planning in the communications and electronics equipment industries (FG-F3.56). 44pp. Free upon request. An industrial civil defense handbook published by the U.S. Department of Commerce in cooperation with the Department of Defense.

Bureau of International Commerce

Foreign Economic Trends. Annual subscription $15 ($6 additional for foreign mailing).

Jamaica (ET 71-054). 10pp.

Austria (ET 71-055). 10pp.

Martinique, Guadeloupe, and French Guiana (ET 71-056). 13pp.

France (ET 71-057). 12pp.

Panama (ET 71-059). 8pp.

International Marketing Information Service

Exhibitor's Export Market Guide

$74 million Scandinavian market seen for imported research instrumentation (IMIS 71-018). 11pp. 10¢.

Demands grow for U.S. environmental testing equipment in United Kingdom (IMIS 71-020). 5pp. 10¢.

Index to foreign production and commercial reports. Index no. 4. Available from the Commercial Intelligence Division, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C. 20230.

Global Market Survey

Electronic data processing equipment, peripheral devices and software (September 1970). Reprinted March 1971. 80pp. $1.25. A sales tool for marketing decision-makers in the data processing industry. A ready desk reference of facts and figures which point the way to increased profits by identifying lucrative export opportunities in 25 of world's leading EDP markets (Europe and the Near East, Western Hemisphere, and Asia/Pacific).

Trade Listings

Listings of foreign business firms, classified under approximately 75 commodity and service groups, are used in locating sales outlets, sources of supply, and related data. The following are newly compiled; others are available. $1 each.

American firms, subsidiaries and affiliates—**Argentina.**

American firms, subsidiaries and affiliates—**Denmark.**

American firms, subsidiaries and affiliates—**Ecuador.**

American firms, subsidiaries and affiliates—**Peru.**

American firms, subsidiaries and affiliates—**Thailand.**

American firms, subsidiaries and affiliates—**Uruguay.**

Business firms—**Indonesia.**

Business firms—**Iran.**

Business firms—**Nigeria.**

State trading organizations—**People's Republic of China.**

ECONOMIC AFFAIRS

Office of Business Economics

U.S. direct investments abroad, 1966—Part 1: Balance of payments data (OBE-SUP71-01). A Supplement to the Survey of Current Business) December 1970. 250pp. $1.75. The first in a series of publications reporting findings of the comprehensive survey taken by the Office of Business Economics of American direct investments abroad for the year 1966.

Bureau of the Census

County Business Patterns 1970

Alabama (CBP 70-2). 108pp. $1.

Arkansas (CBP 70-5). 88pp. $1.

Colorado (CBP 70-7). 78pp. 65¢

Connecticut (CBP 70-8). 66pp. 60¢

Iowa (CBP 70-17). 116pp. $1.

Maine (CBP 70-21). 52pp. 50¢.

Massachusetts (CBP 70-23). 96pp. $1.

Mississippi (CBP 70-26). 91pp. $1.

Missouri (CBP 70-27). 130pp. $1.25.

North Dakota (CBP 70-36). 49pp. 50¢

Oklahoma (CBP 70-38). 90pp. $1.

Rhode Island (CBP 70-41). 44pp. 45¢

Vermont (CBP 70-47). 41pp. 45¢

Demographic computer library (Technical Paper 25). 35pp. 40¢. Requires a firm grasp of both mathematical demography and FORTRAN programing for complete comprehension.

Construction and Housing

1970 Census of Housing

General Housing Characteristics:

Alaska (HC(1)-A3). 47pp. 65¢

Wyoming (HC(1)-A52. 48pp. 65¢

Construction Reports

Authorized construction Washington, D.C. area: May 1971 (C41-71-5). Annual subscription $1. Single copy 10¢.

Value of new construction put in place: April 1971 (C30-71-4). Annual subscription $2.50, includes monthly and annual supplement. Single copy 25¢.

Distribution and Services

Weekly retail sales. Estimated sales of U.S. retail stores, week ending June 12 (CB 71-335). 2pp. 10¢.

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Monthly department store sales in selected areas: April 1971 (BD-71-4). Annual subscription $1. Single copy 10¢.

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Monthly wholesale trade: April 1971 (BW 71-4). Annual subscription $1.50.

1967 Census of Business

Wholesale trade—warehouse space, warehouse equipment, and delivery equipment (BC67-WS5). 226pp. $2.25.

Foreign Trade

Imports—SIC-based products (FT 210-70). Annual 1970. (Revised through December 1970 statistics). 317pp. $2.25. Import data initially compiled under the approximately 10,000 classes of the Tariff Schedules of the United States Annotated (TSUSA), are arranged and summarized into about 1,700 classes of a commodity classification based on the origin of production, that is, within industries primarily responsible for their output.

Waterborne exports and general imports: March 1971 (FT 985-71-3). Annual subscription (FT 900, 975, 985, and 986 combined) $3. Single copy 10¢.

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Imports—commodity by country: March 1971 (FT 135-71-3). 183 pp. Annual subscription $21 ($5.25 more for foreign mailing). Single copy $1.75.

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Puerto Rico and U.S. possessions: January 1971 (FT 800-71-1). Annual subscription $2.50 (75¢ more for foreign mailing). Single copy 20¢.

Governments

Holdings of selected public employee retirement systems: March 31, 1971 (GR71 No. 1). 1 p. 10¢.

Special Studies

Estimates of state revenue and expenditure for 1972 (State and local Government Special Studies No. 58). 24pp. 50¢.

Population

1970 Census of Population

Number of Inhabitants:
Alaska (PC(1)-A3). 35pp. 40¢.
District of Columbia (PC(1)-A10. 21pp. 35¢.
Indiana (PC(1)-A16). 59pp. 50¢.
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Nebraska (PC(1)-A29). 52pp. 45¢.
Washington (PC(1)-A49). 42pp. 40¢.

1970 Census of Population and Housing

General Demographic Trends for Metropolitan Areas, 1960 to 1970—Final Reports
Louisiana (PHC(2)-20). 35pp. 25¢.
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New Mexico (PHC(2)-33). 20pp. 15¢.
North Carolina (PHC(2)-35). 39pp. 35¢.

Current Population Reports

Population Estimates and Projections

Estimates of the population of the United States to May 1, 1971 (Series P-25, No. 462). 2pp. 5¢.

ECONOMIC DEVELOPMENT

The Research Review. 87pp. 75¢. Published for the employees of the Economic Development Administration and Regional Commissions as one means of keeping the staffs informed of the nature, results and applications of research into regional problems.

Economic Development. Vol. 8, No. 6. Annual subscription $1 (50¢ more for foreign mailing). Single copy 15¢.

SCIENCE AND TECHNOLOGY

National Oceanic and Atmospheric Administration

Environmental Research Laboratories

Observations of simultaneous scintillation on VHF and S-band satellite transmissions at high latitudes (ERL 207-OD 6). 40pp. 45¢. Signal strength records obtained by the National Oceanic and Atmospheric Administration's Control and Data Acquisition station at Gillmore Creek, Alaska, from ESSA 9 and ITOS 1 at 1695 and 137 MHz were analyzed to determine amplitude scintillations in the S-band region and make comparisons with scintillations in the VHF region.

Effects on the stratosphere of SST operation (ERL 208-APCL 21). 50pp. 50¢ Deals with the effects of SST engine emissions on the environment in which the SST will cruise. Included are the possible chemical reactions and reaction products in the stratosphere and the subsequent increase in the concentration of trace gases and particulates in the stratosphere due to SST operations.

National Bureau of Standards

Industralized building in the Soviet Union (Spec. Publ. 334). 81pp. 75¢. The 1969 Exchange delegation to the USSR reports the status of Soviet building industralization, with emphasis on Soviet housing. The report describes the State management hierarchy, production of precast concrete components and housing construction procedures.

Technical news bulletin. June 1971. Vol. 55, No. 6. Annual subscription $3 ($1 more for foreign mailing). Single issue 30¢.

A broadband noncontacting sliding short (Tech. Note 602). 18pp. 30¢. Describes an improved sliding short developed to reduce the calibration uncertainty of interlaboratory microwave standards.

National Technical Information Service

Order the following reports on Government-sponsored research from: National Technical Information Service, 5285 Port Royal Road, Springfield, Virginia 22151. Make check or money order payable to National Technical Information Service. Price for each document is $3 (mircrofiche 95¢) unless otherwise specified.

Biological and Medical Sciences

A tropical rain forest (TID-24270). 1970, **paper copy $10 (microfiche 95¢), 1,684pp.** The impact of gamma radiation on species and the phenomenology associated with the modification of ecological systems have been studied by researchers at the Atomic Energy Commission's (AEC) rain Forest Project at El Verde in the Luquillo Mountains of Puerto Rico.

Cancer (AD-723 910). Defense Documentation Center, Alexandria, Va., paper copy $3 (microfiche 95¢), 282pp. DDC bibliography (with abstracts) containing 204 citations to reports on cancer processed into the AD data bank from January 1953 through February 1971. All reports listed are available from the National Technical Information Service (NTIS).

Information and Technology

The permuted Wiswesser Line Notation Index for Chemicals in the Common Data Base provides one of the best ways of manually searching organic compounds substructurally. The Index is for use with the Desktop Analysis Tool for the Common Data Base (PB-179 900) which lists more than 20,200 structurable chemicals used in such things as pesticides, drugs, cosmetics, food additives, and dyes that are or have been commercially manufactured and distributed. The Index is available on 16mm microfilm. . . Order:

PB-199 075-M—Permuted Wiswesser line notation index for chemicals in the common data base, 3 M cartridge, National Library of Medicine, Bethesda, Md., May 1971, total price $25.50, 2 cartridges.

PB-199 075-P—Same title, reel, total price $22.50, 2 reels.

PB-199 075-R—Same title, Recordak cartridge, total price $25.50, 2 cartridges.

Sanitation and Pollution

Long-range planning in air resource management (ANL/ES-CC-8). **Argonne, Ill., for AEC 139pp.** Discusses development of implementation plans for stationary sources of SO_2 and particulates based on integration of air resource management with urban and regional planning. The method ensures that desired long-range regional/air quality goals are attained by implementation plans which have an inherent economic optimality, yet which are not sensitive to detailed inputs required in cost-effectiveness analysis.

Environmental pollution: air pollution—particulate matters (AD-723 900). Defense Documentation Center, Alexandria, Va., 133pp. DDC bibliography (with abstracts) containing 98 citations pertaining to analysis of atmospheric aerosols and particulate matters. Topic areas covered include particle size, measurement, distribution, and identification of pollutants; atmospheric motion of aerosol particles such as scattering, settling, diffusion, and transport properties; volcanic dust; and pollens.

Space Technology

Research and technology operating plan: summary (N71-15251). National Aeronautics and Space Admin., Washington, D.C., **paper copy $6, 332pp.** Summary of the NASA research and technology program for FY 1971. Report compiles summary portions of each of the Research and Technology Operating Plans used for management review and control of research currently in progress throughout NASA.

Social Sciences and Education

Adjustments of the U.S. economy to reductions in military spending (AD-723 304). United States Arms Control and Disarmament Agency, paper copy $9, 612pp. Reviews the likely impact of reduced military expenditures on the economy of the United States and identifies some of the more pressing problems which may be encountered in the shift of resources from military to non-military uses.

Transportation

Aeronautical engineering: a special bibliography with indexes (N71-20748). Scientific and Technical Information Office, NASA, Washington, D.C., paper copy $10 1145pp. Lists 4,119 reports, articles, and other documents announced between January and August 1970 in Scientific and Technical Aerospace Reports (STAR) and International Aerospace Abstracts (IAA). Coverage includes documents on engineering and theoretical aspects of design, construction, evaluation, testing, operation, and performance of aircraft (including aircraft engines) and associated components, equipment, and systems. It also includes research and development in aerodynamics, aeronautics, and ground support equipment for aeronautical vehicles. Each entry is accompanied by an abstract.

An economic analysis of future short-haul transportation (N71-20114). Advanced concepts and Missions Div., NASA, Moffet Field, Calif., 62 pp. Analyzes air and ground transportation modes for 1968 based on current mode characteristics.

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